bh | BH TELECOM

2025
ANNUAL REPORT

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

BH TELECOM JSC, Sarajevo
July, 2026

FOR OVER 30 YEARS, WE HAVE BEEN CONNECTING OUR PEOPLE, OUR BUSINESSES, AND OUR DREAMS.

BH TELECOM PROVIDES HIGH-TECH, SMART, AND NEXT-GENERATION SOLUTIONS TO MORE THAN 2.1 MILLION BUSINESS AND RESIDENTIAL CUSTOMERS.

COMMITTED TO CREATING SUSTAINABLE VALUE FOR ALL ITS SHAREHOLDERS, BH TELECOM STRIVES TO BECOME THE LEADING DIGITAL INTEGRATOR OF BOSNIAN SOCIETY.

2.1 MILLION CUSTOMERS

OVER **1,000** SERVICES

2025

"Top 100 in Bosnia and Herzovina and the Region - 2025"
BH Telecom ranked first in its industry by revenue

TM Forum DTW25 - Digital Transformation World in Copenhagen
BH Telecom project named the best in the category "Moonshot Catalyst: ODA in a Box"

EcoVadis Global Platform for 2025
BH Telecom awarded the Fast Mover badge for rapid progress in sustainability

Sustainable Development Business Leaders 2025 - SDG2BiH - UNDP
BH Telecom finalist in the thematic area "Resources and Environment"

Young Energy Europe 2025
BH Telecom won 2nd place

10th Sarajevo Unlimited 2025
BH Telecom recipient of the "Golden Champions" award

Race for the Cure
BH Telecom absolute record-holder in humanitarian engagement

Kolektiv LLC - MojPosao.ba
Most desirable employer in 2025 in the public sector

2025 HIGHLIGHTS

REVENUE	566.1 million BAM
EBITDA	168.8 million BAM
EBITDA MARGIN	30.4 %
NET PROFIT	69.8 million BAM
NET PROFIT/EBITDA	41.0 %
CAPEX	59.9 million BAM
AVERAGE SHARE PRICE	15.0 BAM
EPS	1.1 BAM

	REVENUE (BAM)	EBITDA (BAM)
2025	566,1	168,8
2024	555,7	165,5
2023	530,5	144,9
2022	510,0	151,1

	NET PROFIT (BAM)	NET MARGIN (%)
2025	69,8	12,3
2024	65,8	11,8
2023	48,0	9,0
2022	55,0	10,8

	EPS (BAM)	EBITDA MARGIN (%)
2025	1,1	30,4
2024	1,0	30,2
2023	0,8	27,7
2022	0,9	29,9

CONTENTS

EQUITY
1.0 BILLION BAM

BH TELECOM
A KEY PILLAR
of Bosnia and Herzegovina's Telecommunications Infrastructure

01 OVERVIEW

KEY INFORMATION AND BRIEF HISTORY

For more than two decades, BH Telecom has been driving innovation across the public and private sectors, as well as for millions of people throughout Bosnia and Herzegovina. Our vision to become the leading digital integrator of a digital society continues to take shape as we invest in and collaboratively build the future of telecommunications, while creating sustainable value for our shareholders.

KEY INFORMATION

Company Name	BH Telecom JSC Sarajevo
Registered Office	Franca Lehara 7
Share Capital	BAM 634,573,580
Number and Type of Issued Shares	63,457,358 ordinary shares with a nominal value of BAM 10 each
Website	www.bhtelecom.ba
Core Activity	Wired telecommunications
Ownership in Other Companies	Ownership in Other CompaniesBH Telecom JSC Sarajevo is the founder and sole owner (100% equity interest) of Metropoly Media LLC Sarajevo, located at Zmaja od Bosne 88, 71000 Sarajevo

BRIEF HISTORY

1992 The legal predecessor of BH Telecom, Public Enterprise PTT Traffic of Bosnia and Herzegovina, was registered on July 31, 1992, with the primary objective of urgently re-establishing telecommunications services disrupted by the aggression following the declaration of independence of Bosnia and Herzegovina.

2001 By a decision of the Government of the Federation of Bosnia and Herzegovina dated December 28, 2001, the Public Enterprise PTT Traffic of Bosnia and Herzegovina was reorganized into two separate legal entities: Public Enterprise BH Pošta and Public Enterprise BH Telecom.

SINCE 2004 In its current form, BH Telecom Joint Stock Company Sarajevo has operated since March 12, 2004, following the transformation of the Company and its alignment with the Company Law, based on the Decision of the Government of the Federation of Bosnia and Herzegovina approving the Reorganization Plan – the transformation of Public Enterprise BH Telecom Sarajevo into a Joint Stock Company (Official Gazette of the Federation of BiH, No. 66/03), as well as the Decision approving the change in the organizational form of Public Enterprise BH Telecom Sarajevo into a Joint Stock Company (Official Gazette of the Federation of BiH, No. 1/04).

AREAS OF OPERATION

Since the beginning of its operations, BH Telecom has focused on the market of the entire Bosnia and Herzegovina, primarily the Federation of Bosnia and Herzegovina, while also aiming to expand into the territory of the Republika Srpska.

TOTAL POPULATION **3.0** MILLION

TOTAL NUMBER OF CUSTOMERS **2.1** MILLION

The Company conducts its operations through regional directorates and telecom centers, as follows:

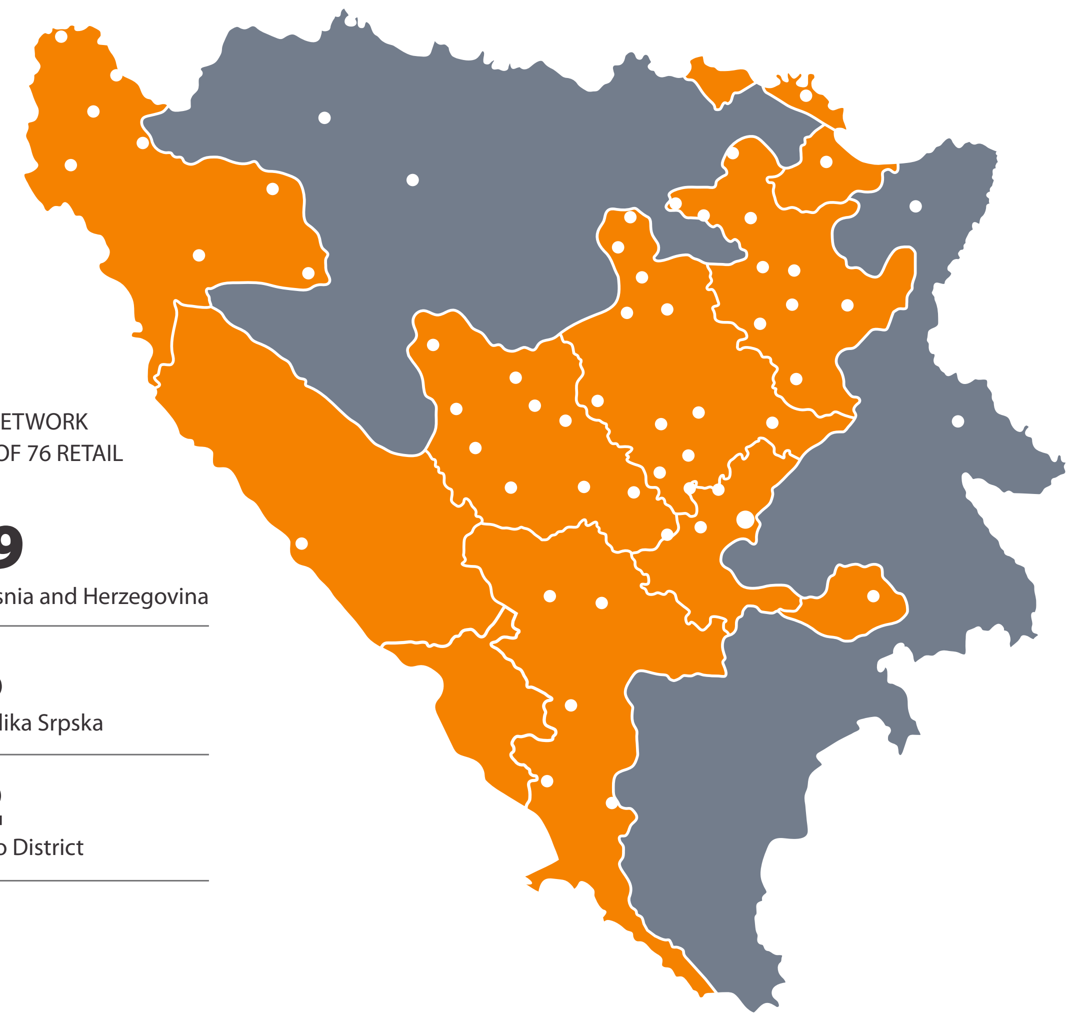
- Sarajevo Directorate, headquartered in Sarajevo
- Tuzla Directorate, headquartered in Tuzla
- Zenica Directorate, headquartered in Zenica
- Bihać Directorate, headquartered in Bihać
- Travnik Directorate, headquartered in Travnik
- Mostar Directorate, headquartered in Mostar
- Goražde Directorate, headquartered in Goražde
- Brčko Directorate, headquartered in Brčko
- Banja Luka Directorate, headquartered in Banja Luka
- Telecom centers within the regional directorates

BH TELECOM'S SALES NETWORK CURRENTLY CONSISTS OF 76 RETAIL OUTLETS, INCLUDING:

69
in the Federation of Bosnia and Herzegovina

5
in the Republika Srpska

2
in the Brčko District



INTERNATIONAL COOPERATION

BH Telecom's infrastructure forms part of the global telecommunications system and, as such, enables citizens and businesses in Bosnia and Herzegovina to benefit from high-quality fixed and mobile network services in local, national, and international traffic, as well as a wide range of service packages and solutions tailored to diverse user needs. Through existing capacities on direct links, we provide our subscribers with international voice services via direct dialing to 225 countries worldwide.

Through interconnections with international operators, we enable our subscribers to access international voice services and SMS exchange with users of operators across all countries worldwide. BH Telecom maintains 20 direct connections with international operators, as well as direct connections with 7 operators within Bosnia and Herzegovina, through which telecommunications traffic is exchanged. BH Telecom provides its customers with high-quality roaming services worldwide. Seamless communication while abroad is available in 180 countries, with users able to choose among 349 operators with which BH Telecom has established roaming agreements.

In addition, BH Telecom has secured the necessary internet capacity for its end users through cooperation and interconnection with leading Tier 1 international upstream providers, as well as through partnerships with global content providers such as Google, Facebook, Netflix, Akamai, and Amazon. Through its own 100G DWDM network, BH Telecom is present at Digital Realty data center in Zagreb (Croatia) and BIX data center in Budapest (Hungary). In addition, through partners, the Company is present at VIX Vienna, BIX Budapest, and New Telco Frankfurt, enabling direct connectivity with international operators.

BH Telecom is a member of the following international telecommunications associations:

ITU
International Telecommunication Union

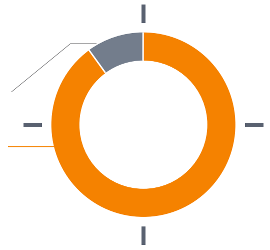
ETSI
European Telecommunications Standards Institute

Connect Europe
Association of leading providers of connectivity networks and services in Europe

TM Forum
Global alliance of organizations within the connectivity ecosystem

GSM Asocijacija
Global association of mobile network operators

INVESTOR INFORMATION



INVESTOR INFORMATION OVERVIEW	2024	2025	% Change
Number of Transactions	462	619	+34%
Total Turnover (BAM m)	2.2	2.1	-5%
Market Capitalization (BAM m)	885.9	980.4	+11%
Dividends Paid (BAM m)	70.0	39.0	-44%
ROE (%)	6.36	6.56	+0.2 p.p
EPS (BAM)	1.04	1.10	+6%

The share capital of BH Telecom Joint Stock Company Sarajevo amounted to BAM 634.57 million as of December 31, 2025, consisting of 63,457,358 ordinary shares with a nominal value of BAM 10 per share.

In the ownership structure, the majority stake (90%) is held by the Government of the Federation of Bosnia and Herzegovina, while the remaining shares are owned by investment funds and minority shareholders.

According to the annual statistical report of the Sarajevo Stock Exchange (SASE), BH Telecom JSC Sarajevo ranked third by trading turnover on the Free Market - St1.

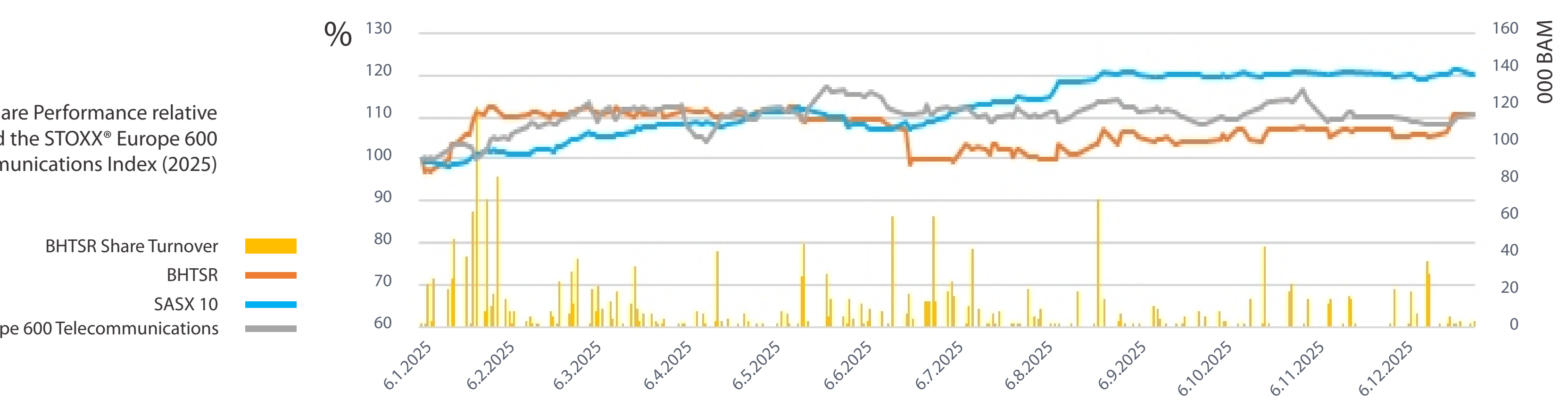
The average BH Telecom share price in 2025 amounted to BAM 14.98, with a minimum average price of BAM 13.60 and a maximum average price of BAM 15.76.

The total number of BH Telecom share transactions in 2025 amounted to 462, with a total turnover of BAM 2.1 million. Total turnover decreased by 5%, while the share price recorded an annual increase of 10.67% compared to the previous year.
BH Telecom shares demonstrate stable and less volatile growth compared to the other two indices. The beginning of the year was marked by a significant increase in BH Telecom share prices, which stabilized mid-year and then intensified again in the last quarter. The SASX 10 index and the STOXX® Europe 600 Telecommunications index experienced stronger growth in the second half of the year, particularly the SASX 10, which recorded its most significant annual growth in the past decade.

The average share price of BH Telecom on the last trading day of 2025 amounted to BAM 15.45.

Market capitalization on the last trading day amounted to BAM 980.4 million, representing an increase of 10.67% compared to the last trading day of the previous year (December 27, 2024).

BH Telecom Share Performance relative to SASX-10 and the STOXX® Europe 600 Telecommunications Index (2025)



Source: SASE > Tržište > Emitenti > Profil emitenta; STOXX® Europe 600 Telecommunications - STOXX

2.1 MILLION CUSTOMERS

02 STRATEGIC FRAMEWORK

We remain committed to continuous growth, enhancing long-term value for our customers, and delivering sustainable returns to our shareholders. This year's results are a testament to the expertise, dedication, and commitment of the people who drive BH Telecom's operations every day.

Amel Kovačević

Chief Executive Officer

GROSS PROFIT
76.3 million BAM

EBITDA
168.8 million BAM

MESSAGE FROM THE CEO

Dear Shareholders,

These results are not merely financial indicators; they are a testament to the expertise, dedication, and commitment of the people who drive BH Telecom's operations every day. They reflect the efforts of our Management, the dedication of our employees, the trust of our customers, and the consistent execution of our strategic priorities. Alongside revenue and profit growth, we continued to focus on cost optimization, improving productivity, and enhancing service quality.

Our customers remain at the core of our operations. Throughout the year, we worked on improving the customer experience, developing digital channels, modernizing our sales network, and aligning our offering with real market needs. Our goal is not only to provide services but to build long-term relationships based on trust.

A significant portion of activities in 2025 was focused on network infrastructure, as a high-quality network remains the foundation of all our services. We modernized our mobile, fixed, and transport networks, deployed 138 new sites, and expanded LTE capacity across more than 436 locations. As a result, we enhanced network quality and established a strong foundation for the further development of digital services.

We continued expanding our 4G+ mobile network and preparing for the introduction of 5G technology, once the necessary regulatory conditions are met. Average user speeds on the LTE network increased by 38% in 2025 compared to the previous year. This represents one of the most tangible outcomes of our investments and has a direct impact on the quality of the customer experience on a daily basis.

Further progress was achieved in the development of fiber infrastructure. Optical network capacities were upgraded to speeds of up to 1 Gbps, while the number of users connected to fiber networks increased by 15.5% compared to 2024. During 2025, an additional 11,500 fiber links were deployed, further strengthening the foundation for faster, more stable, and higher-quality connectivity.

We also strengthened our international capacities, which are essential for ensuring the reliability and quality of our services. The new 100G DWDM network was expanded along international routes towards Vienna and Frankfurt. A 100G connection to Telia Company, a Tier 1 operator, was established at the Digital Realty data center in Zagreb. Internet capacities were further expanded through the implementation of 30 Gbps connectivity to the Akamai CDN network and 20 Gbps connectivity to the Amazon CDN network.

In 2025, we expanded the availability of 4G roaming services to 41 new international networks, enabling customers travelling outside Bosnia and Herzegovina to enjoy improved service quality and reliability.

We placed particular emphasis on our employees. Their knowledge, professional development, motivation, and satisfaction with the working environment are essential to the Company's continued growth. We continued investing in improved working conditions, skills development, and the enhancement of business processes, recognizing that long-term value creation is built on people.

Strong financial performance has been accompanied by a responsible approach to the community and the environment. In 2025, we continued investing in green transition initiatives, energy efficiency, and the reduction of environmental impact. Through network modernization and the replacement of legacy technologies with energy-efficient solutions, we are reducing energy consumption and CO? emissions.

During the year, photovoltaic power plants were commissioned at the Franca Lehara business premises, TKC Dolac Malta, and TKC Bihać. Activities continued on the installation of solar systems at TKC Ilidža and warehouse facilities in Azići, Slimena, and Šićki Brod. In addition, the rollout of solar panels at 60 base station locations was initiated, along with preparations for additional FTTC sites.

Through the digitalization of internal processes, including the introduction of digital signatures, we reduced paper usage and improved operational efficiency. We also continued encouraging customers to switch to electronic billing. These are practical steps demonstrating that responsible business practices begin with everyday processes.

Our responsibility is also reflected in our contribution to the community. Through corporate social responsibility initiatives with a total value of BAM 3.1 million, we supported sports, culture, education, science, and humanitarian activities. In this way, BH Telecom continues to contribute to the development of society and the preservation of the institutional, cultural, and social identity of Bosnia and Herzegovina.

Dear Shareholders, 2025 has demonstrated that BH Telecom possesses the expertise, stability, and trust required to sustain its growth. It has also shown that we can be financially strong, technologically advanced, socially responsible, and future-oriented at the same time.

Thank you for your trust and support. Your continued support enables us to transform plans into tangible results and to further build a company that creates value for customers, shareholders, employees, and society as a whole.

We will continue forward responsibly, ambitiously, and with a clear focus on the long-term development of BH Telecom.

Yours sincerely,

Amel Kovačević

Chief Executive Officer

CORPORATE PROFILE

CORE ACTIVITY

BH Telecom is the leading telecommunications operator in Bosnia and Herzegovina, providing high-quality telecommunications services. We continuously cooperate with numerous domestic and international partners, procure advanced equipment and technological solutions, and thereby directly contribute to the quality of our services. We place strong emphasis on corporate responsibility, recognizing that we operate within a rapidly evolving industry, and we strive to contribute to the overall well-being of society through the development of innovative service offerings.

Through responsible management, a strong customer focus, the implementation of new technologies, and sound business decisions, we have successfully established ourselves as a leader in telecommunications services in an increasingly competitive market environment. Our distinct identity, tradition, broad service portfolio, and dynamic business development make us a recognized and trusted provider. As a socially responsible company, we actively contribute to the daily advancement of Bosnian society, supporting its ongoing development.

CORPORATE GOVERNANCE AND ORGANIZATIONAL STRUCTURE

The Company is organized as a unified, independent entity and business system, structured on functional, technological, process, and territorial principles. From an organizational perspective, BH Telecom operates as a joint stock company comprising core organizational units (the CEO Office, Company Secretary Department, Internal Audit Department, Executive Directorates, Regional Directorates, and telecom centers), along with their respective internal organizational units.

The Company is governed by:

- **General Assembly**
- **Supervisory Board**
- **Management Board**
- **Audit Committee**

GENERAL ASSEMBLY

The General Assembly consists of the Company's shareholders. The Government of the Federation of Bosnia and Herzegovina, as the majority shareholder, appoints the Chair of the General Assembly, who presides over its sessions.

SUPERVISORY BOARD

The Supervisory Board consists of a Chair and six members. In the period from January 1 to December 31, 2025, the Supervisory Board comprised:

1. Sedad Avdić	Chair
2. Faruk Hadžić	Deputy Chair (resigned on December 29, 2025)
3. Samir Čorbo	Member (resigned on November 29, 2024; formally dismissed by the General Assembly on June 30, 2025)
4. Ela Halilhodžić	Member
5. Alma Ustavdić	Member
6. Zoran Marijanović	Member
7. Hasan Hasić	Member
8. Mirnes Fatić	Acting Member of the Supervisory Board (appointed on October 24, 2025)

MANAGEMENT BOARD

The Management Board consists of the Chief Executive Officer and Executive Directors. It is the executive body responsible for managing the Company's operations. Each member of the Management Board oversees a specific corporate or business area. The CEO Office and the Executive Directorates together form the General Directorate, headquartered in Sarajevo.

Management Board composition (January 1 - October 10, 2025):

1. Amel Kovačević	Chief Executive Officer (appointed for a four-year term effective September 27, 2024)
2. Erdal Islamagić	Acting Executive Director for Business Development (October 10, 2024 - October 10, 2025; relieved of duties on October 10, 2025)
3. Damir Čauš	Acting Executive Director for Legal Affairs, Organization and Human Resources (October 10, 2024 - October 10, 2025)
4. Muamer Durić	Acting Executive Director for Technology and Service Development (October 10, 2024 - October 10, 2025)
5. Anisa Lojo-Bajrić	Acting Executive Director for Finance (October 10, 2024 - October 10, 2025)
6. Saša Palinić	Acting Executive Director for Investments (October 10, 2024 - October 10, 2025)
7. Semir Ibrahimović	Acting Executive Director for Information Technology (October 10, 2024 - October 10, 2025).

Management Board composition (October 11 - December 31, 2025):

1. Amel Kovačević	Chief Executive Officer (appointed for a four-year term effective September 27, 2024)
2. Haris Lučkin	Executive Director for Business Development (since October 11, 2025)
3. Damir Čauš	Executive Director for Legal Affairs, Organization and Human Resources (since October 11, 2025)
4. Muamer Durić	Executive Director for Technology and Service Development (since October 11, 2025)
5. Anisa Lojo-Bajrić	Executive Director for Finance (since October 11, 2025)
6. Saša Palinić	Executive Director for Investments (since October 11, 2025)
7. Semir Ibrahimović	Executive Director for Information Technology (since October 11, 2025)

AUDIT COMMITTEE

Audit Committee composition (January 1 - February 2, 2025):

1. Dika Hodžić	Chair
2. Esad Osmanbegović	Member
3. Dina Džano Sokolović	Member

Audit Committee composition (April 9 - December 31, 2025):

1. Dika Hodžić	Chair
2. Dina Džano Sokolović	Member
3. Azra Delić	Member (appointed April 9, 2025)

MANAGEMENT BOARD

Amel Kovačević

Chief Executive Officer

kabinet@bhtelecom.ba

Amel Kovačević was born in 1972 in Sarajevo. Secondary education was completed in 1991 at the Second Gymnasium Sarajevo, followed by a degree in Economics from the International Islamic University Malaysia. Upon completion of postgraduate studies at the same university in 2000, a Master's degree in Economics was obtained. With more than 25 years of professional experience, Amel Kovačević has built a distinguished career in finance, banking, and diplomacy. Professional roles have included Head of BBI Financing and Director of the Retail Banking Division at Bosna Bank International. Academic engagement includes lecturing at the International University of Sarajevo and The Noel-Baker Centre for Business and Management Studies. At BamCard JSC Sarajevo, Amel Kovačević served as Chief Executive Officer, followed by the appointment as Ambassador of Bosnia and Herzegovina to the People's Republic of China and Mongolia within the Ministry of Foreign Affairs of Bosnia and Herzegovina. Additional public roles include Minister of Finance of the Sarajevo Canton and Deputy Prime Minister of the Sarajevo Canton Government. Following tenure as Director of United Bank of Albania, Amel Kovačević was appointed Acting Chief Executive Officer of BH Telecom JSC Sarajevo.

A strong focus on delivering business results is combined with the ability to comprehensively understand complex socio-economic environments and to design and implement effective strategies. Extensive experience has been gained in the development and implementation of key policies and procedures aimed at strengthening corporate reputation, expanding the customer base, identifying business opportunities, monitoring industry trends, and driving sustainable growth across key performance indicators. Proven leadership experience includes managing large teams in complex and dynamic business environments, as well as leading comprehensive transformation processes. These have included the development of a new corporate identity, the design of innovative products and services, process optimization, the implementation of advanced software solutions, and the introduction of a new organizational structure, all aimed at creating a competitive and customer-centric offering characterized by a superior user experience.

Haris Lučkin

Executive Director for Business Development

haris.luckin@bhtelecom.ba

Born in 1980 in Sarajevo, academic studies in electrical engineering were completed in 2004 at the Faculty of Electrical Engineering, University of Sarajevo, Department of Telecommunications. Postgraduate studies were completed in 2010 at the same faculty, resulting in a Master's degree in Electrical Engineering. Professional engagement at BH Telecom began in 2005, with an initial focus on the planning and development of mobile radio networks, including participation in the design, optimization, and implementation of GSM/UMTS/LTE technologies, as well as the development of new services and network architectures. Over the course of a professional career, a wide range of specialist and managerial roles have been performed, progressing from Network Planning and Development Engineer to Business Development and Digital Transformation Expert, with a focus on developing sustainable ICT solutions and advancing digital transformation processes within the Company and the broader economy. For six years, the role of Director of the Business Development Directorate was held, with a focus on service portfolio development, innovative ICT solutions, digital transformation, strategic business development, and the formulation of corporate strategies.

Significant contributions have been made to the development of BH TechLab and BH SmartLab digital platforms, aimed at fostering innovation and building a digital ecosystem in Bosnia and Herzegovina. Engagement also includes participation as a lecturer and panelist at numerous national and international professional conferences, as well as authorship and co-authorship of multiple professional and scientific research papers in the field of telecommunications, presented at international conferences. Fluent in Italian and English. Since October 2025, appointed as Executive Director for Business Development of BH Telecom JSC Sarajevo.

Damir Čauš

Executive Director for Legal Affairs, Organization and Human Resources

damir.caus@bhtelecom.ba

Born in 1984 in Banja Luka, secondary education was completed at the General Gymnasium in Zenica. A degree in Law was obtained in 2010 at the Faculty of Law, University of Sarajevo. Professional career commenced in 2012 at Public Enterprise Elektroprivreda BiH JSC Sarajevo, branch "Elektrodistribucija" Zenica, initially in the role of Junior Associate for Human Resources. This was followed by engagement as Associate for Legal Affairs within the Legal Department. During the subsequent period of professional development at the "Elektrodistribucija" Zenica branch, a number of managerial positions were held, including Head of General Affairs and Transport Department, Head of Human Resources Department, Head of Internal Control Department, and Head of General Affairs Department. From the position of Head of General Affairs Department, appointment was made as Acting Executive Director for Legal, Organizational and Human Resources Affairs of BH Telecom Joint Stock Company Sarajevo.

Muamer Durić

Executive Director for Technology and Service Development

muamer.duric@bhtelecom.ba

Born in Sarajevo in 1977, a degree in Electrical Engineering was obtained from the Faculty of Electrical Engineering, University of Sarajevo, Department of Telecommunications, in 2003. Postgraduate studies at the same faculty were completed in 2011, resulting in a Master's degree in Electrical Engineering. Professional engagement with BH Telecom began in 2004. The career started in the role of Associate Engineer for Measurements within the Department for Cellular Planning, Development and Optimization of the Radio Access Network, within the BH Mobile Executive Directorate at the General Directorate. Over the course of a professional career, specialization has been developed in the planning, implementation, and optimization of BH Telecom's mobile networks, including 2G, 3G, and 4G technologies across the entire territory of Bosnia and Herzegovina, with active involvement in preparations for the deployment of 5G networks, representing a core component of BH Telecom's service portfolio.

Appointment to the position of Executive Director followed a role as Specialist for Planning and Optimization of the Radio Access Network. In recognition of outstanding achievements in the implementation of the 3G network across Bosnia and Herzegovina, a special award was received in 2014 - the BH Telecom Plaque for contribution to the development of BH Telecom. Extensive participation in professional and technical training programs has taken place both domestically and internationally. In addition, involvement includes founding and active membership in several sports and humanitarian associations. Fluent in English.

Anisa Lojo-Bajrić

Executive Director for Finance

anisa.lojo-bajric@bhtelecom.ba

A degree in Economics was obtained from the Faculty of Economics, University of Sarajevo, graduating as the top student of the 2006/2007 academic year. Postgraduate studies at the same faculty were completed in the field of Financial Management, resulting in a Master's degree in Economics. Professional career commenced in 2008 within a family-owned company operating in the insurance sector. From 2013 to 2023, employment was with Bosna Bank International JSC Sarajevo, initially in various roles within the Retail Banking Division. In May 2016, transition was made to the Finance Division, assuming the position of Senior Expert Associate for Planning and Profitability Management. Subsequent appointments included Head of Planning and Controlling Department, Head of Accounting and Regulatory Reporting Department, and Director of the Finance Division. Holds the title of Certified Accountant awarded by the Association of Accountants and Auditors of the Federation of Bosnia and Herzegovina.

Saša Palinić

Executive Director for Investments

sasa.palinic@bhtelecom.ba

Born in Sarajevo in 1973, primary and secondary education was completed in Sarajevo, followed by a degree from the Faculty of Electrical Engineering, University of Sarajevo. With more than 20 years of professional experience in international and regional companies, extensive expertise has been developed in the fields of information technology, project management, and business management. Professional experience includes a strong focus on digital transformation processes, particularly in the areas of information security, PKI solutions, digital signature, as well as design, implementation, and certification in these domains. Early career development included various engineering roles in several domestic and international institutions and companies.

From 2001 to 2006, professional engagement was with Coca-Cola HBC B-H, holding positions including Business Information Systems Specialist, Country Information Services Manager, and Country Planning Manager. From 2006 to 2014, served as Director of King ICT BH. From 2014 to 2016, held the position of Member of the Management Board at Establish, a member of the ASA Prevent Group. From 2016 to 2023, served as Director of Uma Müller Group. In October 2023, joined BH Telecom as a member of the Management Board, assuming the role of Executive Director for Investments.

Semir Ibrahimović

Executive Director for Information Technology

semir.ibrahimovic@bhtelecom.ba

Born in Doboj in 1969. A degree in Electrical Engineering was obtained from the Faculty of Electrical Engineering, University of Sarajevo in 1996. A Master's degree was completed in 2006, followed by a PhD in Management in 2016 at the Faculty of Economics, University of Sarajevo. With more than 25 years of professional experience, expertise has been developed across various areas of information systems management and development. The majority of the professional career has been dedicated to the role of IT Director within the financial sector. Professional engagement as a consultant includes leading digital transformation projects, business process management initiatives, and optimization of IT team performance. Early career roles included system engineering positions, with recognition as one of the first ten holders of a Microsoft Certified Systems Engineer (MCSE) certification in Bosnia and Herzegovina. Subsequent experience includes analysis and implementation of ERP systems, as well as information systems in public administration and banking.

From 2006 to 2016, engagement included membership in the Department of Management and Information Systems at the Faculty of Economics, University of Sarajevo, with appointment as Senior Teaching Assistant in an external associate capacity. A wide range of international professional training programs has been successfully completed in the fields of computer technologies, information systems, and project management. Additional training includes the Managerial-Entrepreneurial Skills Development for Researchers (MBSDr) program within the Paccino project. As co-author, contributed to three books in the field of information systems management published by international publishers CRC Press and IGI Global. Authored multiple scientific papers published in indexed journals and presented at international conferences. Active membership is held in professional associations within the field of information systems, including the IEEE Computer Society, ACM (Association for Computing Machinery), and the CIO Club of Bosnia and Herzegovina. Participation as a jury member included the selection of the Best IT Manager in Bosnia and Herzegovina for 2014. Additionally, served as a member of the Doctoral Studies Council at the Faculty of Economics, University of Sarajevo, representing the business community and students.

WE CONNECT AND DEVELOP BIH THROUGH INNOVATIVE DIGITAL SOLUTIONS.

MISSION

VISION

THE LEADING DIGITAL INTEGRATOR OF BOSNIAN-HERZEGOVINIAN SOCIETY

our VALUES

- TEAMWORK
- ACCOUNTABILITY
- INTEGRITY
- AGILITY
- CUSTOMER IN FOCUS

STRATEGY

During 2025, BH Telecom entered a new phase of strategic management of the Company's development. Following the adoption of the BH Telecom Development Strategy for the period 2025-2029, the focus shifted to establishing organizational mechanisms to ensure its consistent and sustainable implementation.

In this context, and with the objective of enhancing the previous approach to strategic management while strengthening the capabilities and capacity to deliver long-term objectives, BH Telecom established a Strategy and Corporate Development Division at the end of 2025. This division was positioned as a central function linking strategic planning with operational execution, enabling transparent, measurable, and coordinated achievement of the Company's strategic objectives.

The objective of this approach to Strategy implementation is to establish a clear and sustainable framework for execution, with a stronger emphasis on collaboration and measurable outcomes. In this regard, activities were initiated to develop a three-year Strategic Map, based on intensive engagement across all organizational units, ensuring a shared understanding of strategic priorities and initiatives at the level of the entire Company.

This approach enhances transparency in priority management, enables more efficient allocation of resources, and strengthens the linkage between strategic objectives and day-to-day operational activities.

Particular emphasis, through the establishment of the Strategy and Corporate Development Division, has been placed on strengthening organizational readiness for Strategy execution. This includes the integration of corporate culture, organizational capabilities, and change management. In this way, the execution of BH Telecom's Strategy is positioned as a continuous process embedded in daily operations, behaviors, and decision-making across the organization, ensuring systematic support for the achievement of key strategic priorities: enhancing customer experience, accelerating digital transformation, ensuring responsible and sustainable investment in network infrastructure, and developing human capital and organizational capabilities.

BH TELECOM 2025: A YEAR OF GROWTH, INNOVATION AND DIGITAL TRANSFORMATION

FINANCIAL AND COMMERCIAL GROWTH

The year 2025 was marked by revenue growth and an increase in the number of users across all key segments. Particularly strong growth was recorded in the postpaid segment, both in the residential and business customer categories, reaffirming BH Telecom's leading position in the mobile telecommunications market in Bosnia and Herzegovina.

- +10.4 million BAM (+8%) postpaid revenue growth
- +4.0 million BAM (+3%) Moja TV revenue growth
- +19% cloud revenue in the business segment
- +1.9 million BAM increase in bundled services revenue

MOJA TV: NEW CONTENT, REDESIGN AND ENHANCED CUSTOMER EXPERIENCE

During 2025, BH Telecom successfully completed a comprehensive redesign of the Moja TV and Moja webTV portfolio through the introduction of new premium content.

KEY INNOVATIONS AND RESULTS:

- Continued delivery of attractive content through the addition of more than twenty new TV channels, along with an enhanced Moja TV Video Library offering, including HGTV, Dizi, channels from the Filmbox package, Superstar 3, Euronews BH, and Newsmax
- Continued availability of attractive sports content
- Increased optical network speeds, enhancing streaming quality and overall customer experience
- +3% revenue growth compared to both plan and the previous year, driven by portfolio redesign, strong promotional activities, and growth in higher-tier package subscriptions

FOCUS ON CUSTOMER EXPERIENCE:

- Modernization of Contact Centre infrastructure, enabling faster resolution of customer requests
- Simplified reconnection process, allowing easier and faster restoration of full service
- Implementation of an omnichannel platform, enabling faster information flow, improved decision-making, and more efficient handling of customer requests
- Faster fault resolution through improved automation, coordination, and infrastructure monitoring

BH Telecom positions Moja TV not only as a service, but as a future-ready multimedia platform delivering premium content, technical reliability, and exclusive viewing experiences to customers in Bosnia and Herzegovina.

MOBILE NETWORK: MODERNIZATION, MIGRATION AND CUSTOMER EXPERIENCE

During 2025, BH Telecom's mobile strategy focused on SIM technology modernization, enhancing customer experience, and strengthening customer loyalty through migrations and attractive service offerings.

KEY ACHIEVEMENTS:

- An average of 3,797 monthly migrations to postpaid, reflecting customers' recognition of the value of stability, speed, and benefits offered within the postpaid segment
- Significant increase in data traffic in the WB6 region, confirming network superiority and readiness for roaming and digital services
- A notable number of postpaid users under contract, indicating a high level of customer loyalty and trust

SIM INFRASTRUCTURE MODERNIZATION:

- Large-scale replacement of SIM cards with USIM cards, enabling support for 4G/5G services and advanced functionalities
- Improved security and faster service activation

BH Telecom continues to strengthen its position as the leading mobile operator in Bosnia and Herzegovina by building its customer base on a high-quality network, attractive service packages, and advanced SIM technology.

BUSINESS SOLUTIONS AND DIGITAL SERVICES - CLOUD DRIVING BUSINESS GROWTH

During 2025, BH Telecom significantly advanced its portfolio of business solutions, with a strong focus on cloud infrastructure, data security, and flexible communication models for both the private and public sectors.

KEY ACHIEVEMENTS:

- Development and enhancement of a service catalog enabling the creation of personalized sales opportunities tailored to specific customer needs
- Design and implementation of promotional activities aimed at strengthening visual identity and strategically promoting cloud services
- Integration of cloud services with SD-WAN solutions
- Introduction of Web Application Firewall (WAF) solutions for both SMB (Small and Medium -Sized Businesses) and enterprise customers
- +19% growth in cloud revenue, reflecting increasing demand among companies undergoing digital transformation
- MPLS over 4G network, enabling service delivery in areas without fixed infrastructure
- Strong uptake of the "Top Team" service through contract-based agreements, demonstrating customer loyalty and long-term partnerships
- Expansion of the contractual business customer portfolio, with significant growth driven by new agreements across SME and corporate segments, alongside the renewal of strategic partnerships with key institutions and large enterprise systems
- Structured development of Key Account Management (KAM), enhancing strategic engagement with key customers through improved account planning and more systematic customer management
- Digitalization of sales and after-sales processes through upgrades to the CRM system and the introduction of new modules for improved tracking of customer interactions and enhanced team efficiency
- Increased market presence and brand visibility in the B2B segment through active participation in trade fairs, industry forums, and business events
- Development and strengthening of the sales team through ICT-focused training, improved communication and negotiation skills, and the establishment of internal knowledge-sharing practices

WHAT THIS MEANS FOR BUSINESS CUSTOMERS?

- Enhanced security (data backup, disaster recovery - DR) • Improved availability and flexibility • Lower infrastructure costs • 24/7 technical support and services • Enhanced customer experience (CX)

BH Telecom has positioned itself as the leading partner for business digitalization, offering solutions that connect, protect, and support business growth across Bosnia and Herzegovina.

PROMOTION AND CORPORATE RESPONSIBILITY

In 2025, through strong marketing activities and corporate responsibility initiatives, BH Telecom made a significant contribution to both the community and the market.

KEY ACTIVITIES AND ACHIEVEMENTS:

- Corporate Responsibility and Community Support
  - Supported more than 650 projects in the fields of sports, science, and culture, with total investments of BAM 3.1 million.
  - Signed the largest sponsorship agreement with BC Bosna BH Telecom.
- Marketing and Communication Campaigns
  - Delivered four integrated campaigns: Ekstra, Netflat, BizSolution, and Moja TV, along with chatbot initiatives and supporting activities.
  - Successfully implemented 90 campaigns for terminal equipment in cooperation with suppliers.
- Events and Engagement
  - Organized four events for employees, customers, and the business community, aimed at strengthening the brand and enhancing stakeholder relationships.
- Digitalization and Process Automation
  - Introduced and launched Gaming Zone and e-auctions services, significantly improving
- Online Presence and Digital Brand Strengthening
  - Published 888 news items and content pieces on the Company website.
  - Achieved an average monthly reach of approximately 1 million users across social media platforms.
  - Recorded approximately 950,000 monthly website visits.

All of the above activities reflect BH Telecom's continued commitment to developing corporate responsibility initiatives, strengthening the brand, and advancing a marketing strategy focused on generating positive impact within the community.

WHOLESALE AND INTERNATIONAL CONNECTIVITY

In 2025, we continued to strengthen and optimize the capacities of our international network infrastructure, ensuring more reliable and faster services for our business customers and partners.

KEY DEVELOPMENTS:

- Ongoing activities related to the establishment of a new international optical and DWDM route, aimed at providing network protection for Bihać and alternative paths for global internet access, with BH Telecom securing an additional optical route to Zagreb and further to Vienna and Frankfurt
- Optimization of GIA and peering capacities, resulting in higher efficiency and reduced latency.
- Establishment of new international links, including:
- 30 Gbps peering with Akamai, a leading global CDN provider,
- Expansion of roaming services to 74 countries, improving coverage and service quality for customers traveling internationally.

E-SERVICES AND DIGITAL CUSTOMER EXPERIENCE

KEY RESULTS:

- Continuous modernization of the webshop and strong sales growth, confirming the effectiveness of the digital strategy
- Implementation of a digital promotional channel within the BH Telecom app.
- Launch of gaming voucher sales via the Moj BH Telecom app, improving accessibility for a broader user base within the marketplace functionality.
- Expansion of the e-payment offering
  Strengthened cooperation with Addiko and NLB banks, enabling bill payments through mobile applications of nine banks. More than 90,000 e-payments processed in 2025, confirming increasing adoption of digital services.
- Introduction of self-service payment kiosks - Three self-service payment machines installed at BH Telecom retail locations, enabling payment for all BH Telecom services (fixed and mobile services, xDSL, Moja TV, integrated billing, and other residential services). In the period from June 20 to December 31, 2025, these devices processed a total of 33,891 transactions, equivalent to 847 working hours of cashier operations, significantly relieving retail counters and enhancing customer experience.
- Development of a digital service catalogue and launch of a new platform for presenting business offerings.

INFRASTRUCTURE AND NETWORKS

NETWORK DEVELOPMENT AND CAPACITY EXPANSION - INFRASTRUCTURE DRIVING THE FUTURE

During 2025, BH Telecom significantly enhanced all layers of its network infrastructure-from core to access-enabling faster, more stable, and more secure connectivity for customers.

HIGH-SPEED IP AND OPTICAL NETWORK

- Deployment of 10G PON equipment with a capacity of 47,888 ports
- Establishment of 144 new radio relay (RR) links
- Implementation of 59 new optical interconnection routes

LTE NETWORK UPGRADE

- +38% increase in average LTE speed (from 9.53 Mbps to 13.15 Mbps)
- +138 new LTE base stations, reaching a total of 1,745
- 58.5% increase in capacity expansion at base station locations - 436 in 2025 (compared to 275 in 2024)

DIGITAL EVOLUTION OF SERVICES

- Activation of VoLTE services for prepaid users, enabling advanced, higher-quality, and more stable communication
- Preparations for the introduction of VoLTE roaming, supporting seamless global voice experience
- Upgrade of the mCommerce platform and Moj BH Telecom application, providing users with easier, faster, and more secure account management
- Implementation of gaming vouchers, supporting the gaming ecosystem and enabling easier access to digital content
- Deployment of new services within OCS and EPC/PCRF systems, enabling more efficient package management, faster service activation, and enhanced service flexibility
- Integration and enhancement of Microsoft CSP services as an indirect partner, enabling distribution of Microsoft 365 solutions and modern cloud services
- Implementation of Dynamic Port Mapping (DPM), enabling automated service activation with reduced errors and service disruptions

GLOBAL CONNECTIVITY - BORDERLESS INTERNET

- Deployment of a new Google caching site in Bihać, providing an additional 50 Gbps of capacity for Google services
- Expansion of capacity on Facebook caching servers in Tuzla through the establishment of a 1x100G connection

SUPERIOR CAPACITY FOR SEAMLESS CONNECTIVITY

During 2025, BH Telecom significantly expanded the capacity of its mobile packet core network, launched VoLTE services for prepaid users, and completed preparatory activities for VoLTE roaming. New interconnections were established with 71 operators, including access to 5G roaming in international networks. At the same time, intensive preparations were initiated for the introduction of a 5G Core architecture, positioning the network to support exponential traffic growth and next-generation services.

WHAT THIS MEANS FOR CUSTOMERS?

- Seamless internet access for all mobile data users
- Faster call setup, improved voice quality, and the ability to use mobile data during voice calls, including for ULTRA package user
- Availability of roaming services in international 5G networks.

These enhancements ensure a seamless customer experience even during peak network usage periods and represent another step forward in delivering the most advanced technological solutions to all BH Telecom users.

ADVANCED OPTICAL NETWORK - SPEED TRANSFORMING EVERYDAY LIFE

In 2025, BH Telecom further accelerated digital transformation through the intensive expansion of its FTTH (Fiber-to-the-Home) infrastructure.

KEY HIGHLIGHTS

- Broadband speeds of up to 1 Gbps
- Deployment of 11,500 new fiber lines
- 39,900 active optical ports
- +15.5% growth in fiber network users compared to 2024
- Faster, more stable, and energy-efficient connectivity for work, entertainment, and education

NEXT-GENERATION VIDEO AND TV SERVICES MORE CONTENT, HIGHER SPEED, LOWER CONSUMPTION

In 2025, BH Telecom further enhanced its multimedia platform, delivering higher-quality streaming of national and sports HD channels, an improved viewing experience, and advanced Android-based functionalities.

MORE CONTENT - GREATER CAPACITY

- Over 80% of live and VOD content available in HD resolution
- Advanced HD content processing algorithms enabling superior streaming quality
- Expanded portfolio of live and VOD content for end users

TECHNOLOGY THAT FOLLOWS THECUSTOMER

- Expanded portfolio of Android STB devices with enhanced capabilities
- Upgraded STB equipment in line with the latest Google requirements
- Enhanced Moja TV Android application, including search module, thumbnail functionality, and GDPR compliance
- Proof of Concept (PoC) for OTT service - Moja TV Everywhere

PREMIUM DIGITAL CONTENT

- Activation of additional content packages & services directly through the Moja TV interface
- Introduction of BHT service applications as new sales channels via STB devices
- Availability of additional streaming services on STB devices

BH Telecom is introducing a new era of digital entertainment-offering greater choice, more flexible access, and energy-efficient technological solutions.

ENERGY EFFICIENCY AND SUSTAINABILITY - TECHNOLOGY FOR A GREENER FUTURE

In 2025, BH Telecom continued investing in green infrastructure, aiming to reduce energy consumption, CO2 emissions, and operating costs, while supporting sustainable business practices.

PHOTOVOLTAIC SYSTEMS - POWER FROM RENEWABLE SOURCES

- Commissioning of photovoltaic systems at D. Malta, Bihać, and F. Lehara locations: Approx. 5% energy savings at F. Lehara and TKC Bihać and Approx. 1.5% savings at TKC Dolac Malta
- Installation of photovoltaic systems at 20 base stations, achieving approximately 12% average energy savings per site
- Ongoing implementation of photovoltaic systems: at 40 base stations, across four business facilities (Ilidža, Azići, Slimena, Šićki Brod)
- Commissioning of the first hybrid system at base station Mliništa (DEA + batteries + solar system).

EQUIPMENT MODERNIZATION

- Contract signed for procurement and implementation of nine generator units for radio relay nodes.
- Preparation of an investment program for procurement of 46 additional generator units.
- Ongoing procurement processes for replacement of outdated equipment and modernization of power supply systems, including: 5,920 battery blocks; 91 power supply systems; rectifier modules and controllers for modernization of 171 power supply systems; installation of 9 UPS systems and 640 battery blocks across six locations; implementation of 159 air conditioning systems across 149 facilities, using advanced environmentally friendly cooling technologies. These initiatives significantly reduce operational energy consumption and greenhouse gas emissions.

BH Telecom continues to build the foundation for a climate-responsible digital future, while preserving natural resources and reducing its environmental footprint.

KEY ACHIEVEMENTS IN BH TELECOM'S DIGITAL TRANSFORMATION

In the past period, BH Telecom has achieved significant progress in modernizing the customer experience, strengthening digital services, and enhancing internal processes. The combination of AI technologies, automation, and a new billing system is creating a stable and scalable ecosystem for future growth.

1. ENHANCING CUSTOMER EXPERIENCE THROUGH DIGITAL SERVICES

• AI ChatBot - 24/7 Digital Assistant
Launched into production on September 5, 2025, the chatbot represents a key step in modern customer support:
- Available 24/7 for fast and seamless interaction
- Provides information on services, devices, and service disruptions
- Reduces call center workload and accelerates issue resolution

• BH Telecom Payment Kiosks - Faster and More Secure Payments
- Available at three key locations
- Card and cash payments with automatic confirmation
- Reduced pressure on retail outlets and improved service accessibility

• Integrations with Banks – A Stronger Digital Ecosystem
- Faster and more secure transactions
- Reduced manual processing and shorter payment cycles
- Strengthened positioning of BH Telecom within the digital financial ecosystem

• Automated Reconnection - Real-Time Service Reactivation
- Over 80% of reconnections performed automatically
- Services restored immediately upon payment
- Significant reduction in manual intervention

• Digital Signature and Paperless Customer Journey
- Service activation without paperwork or branch visits
- Increased security and reduced administrative burden
- Environmentally responsible and audit-transparent operations

2. ENHANCING INTERNAL PROCESSES AND OPERATIONAL EFFICIENCY

• Paperless Operations - "Green Office"
- Reduced paper usage and faster procedures
- Lower operating costs
- Transparent digital archiving

• Robotic Process Automation (RPA)
- Automation of billing, reporting, and administrative processes
- Reduced errors and faster processing
- Employees enabled to focus on strategic tasks

• GenAI and Copilot - Intelligent Employee Support
- Automated document generation, summarization, and analytics
- Faster information retrieval and enhanced knowledge management
- Reduced administrative workload and improved decision-making

3. IMPLEMENTATION OF ORACLE BRM BILLING SYSTEM

The Oracle BRM system has become the central platform for billing, charging, and revenue management for postpaid customers.
Key Contributions of the BRM System:
- Enables automation of processes such as reconnections and banking integrations
- Accelerates the creation of tariffs, campaigns, and commercial models
- Ensures stable and scalable revenue management
- Enhances customer experience through faster and more accurate billing
- Integrates seamlessly with digital channels and modern AI solutions

TRANSFORMATION IMPACT

Through the synergy of AI-driven services, digital channels, the modern BRM platform, and paperless processes, BH Telecom is building:

- An enhanced and modern customer experience
- Faster and more reliable internal processes
- Lower operating costs
- Higher quality of service delivery and availability
- A strong foundation for new digital services and business models

FINANCIAL REPORTING AND TRANSPARENCY

Digital. Stable. Transparent.

DIGITAL TRANSFORMATION

Through process optimization and digitalization, we achieved significant cost savings and improved operational efficiency:

- -4% reduction in headcount (IDEFP), accompanied by increased productivity.
- Reporting now available 10 days earlier - by the 15th of each month.
- Digitalization of processes contributing to overall efficiency of the Company.

FINANCIAL STABILITY

Prudent financial management continues to deliver measurable results:

- Active management of surplus cash funds.
- Consolidation of accounts and automation of reconciliation processes.
- +42% higher income than planned from term deposits.
- Income from term deposits increased by 31% compared to 2024.
- Investments in bonds delivering positive financial returns.

TRANSPARENCY AND DECISION-MAKING

Openness and high-quality data form the foundation for better strategic decisions:

- Introduction of advanced analytical reports with trend visualizations.
- Introduction of advanced analytical reports with trend visualizations.
- Focus on competitive and efficient procurement methods for improved cost control.

HUMAN RESOURCES
BUILDING KNOWLEDGE IN 2025

BH Telecom demonstrated in 2025 that leadership is driven not only by technological innovation but also by investment in people. A strong strategic focus on employee experience, development, and recognition positions BH Telecom as a leader in human capital within the region.

RECOGNITION AND REWARD - STRENGTHENING ENGAGEMENT AND MOTIVATION

BH Telecom has redefined how success is recognized through the introduction of awards:

- Employee of the Year
- Colleague of the Year
- Best Team
- Lifetime Achievement Award

These awards are determined through employee voting, further strengthening a sense of belonging and mutual respect.

CONTINUOUS DEVELOPMENT AND LEARNING

Through the People Lab and Moja Akademija platforms:

- 73 internal training sessions delivered
- Over 3,500 participants

A total of 4,437 employees participated in internal and external training programmes.

- Wellbeing, Team Spirit and Employee Engagement
- Sports, team-building activities, and family-oriented events
- Wellbeing programmes for employees and their families
- We care about people-not just performance metrics.

EMPLOYER BRANDING AND ACADEMIC COOPERATION

A strong connection with the academic community has been established:

- Organized visits: three university and three high school delegations, including one three-month programme
- 91 internship programmes delivered (70 university students and 21 high school students)
- Cooperation with the Faculty of Law under the BOIP programme, enabling law students to complete internships within the Company.

PARTICIPATION IN PRESTIGIOUS INITIATIVES

Active participation in:

- "EEML (Eastern European Machine Learning Summer School), organized by Google DeepMind

""Gledaj sebi posla" Career Fair

"Job Fair 2025 and the Employment Service of Sarajevo Canton Fair

"IUS Career Fair

BUSINESS ENVIRONMENT

MACROECONOMIC ENVIRONMENT IN 2025

During 2025, Bosnia and Herzegovina continued to face pronounced macroeconomic challenges in an environment shaped by global geopolitical instability, tightened financial conditions, and weaker economic growth dynamics in the European Union and the eurozone. These global factors placed additional pressure on economic flows, slowing the recovery of external demand and affecting export-oriented sectors of the domestic economy.

According to available projections by international institutions, economic growth in the EU and the eurozone remained modest, with limited industrial activity and cautious investor sentiment. This had a spillover effect on Western Balkan countries, including Bosnia and Herzegovina. Weak demand in key partner markets continued to be a major factor influencing the pace of domestic economic activity.

In this context, the economy of Bosnia and Herzegovina in 2025 continued to exhibit structural weaknesses, particularly reflected in reduced industrial activity, negative trends in the manufacturing sector, and modest growth in foreign trade. Industrial production remained on a downward trajectory, with declines recorded across most major industrial groups, highlighting ongoing challenges related to competitiveness, cost pressures, and limited productivity.

Despite these challenges, overall economic activity in 2025 recorded moderate growth, primarily driven by the services sector, which proved to be the most resilient segment of the economy. Sectors such as trade, tourism, transport, and information services continued to show positive trends, partially offsetting the negative developments in industry. According to a preliminary estimate by the Central Bank of Bosnia and Herzegovina from December 2025, based on data from the Agency for Statistics of Bosnia and Herzegovina, annual real GDP growth is estimated at 1.9%.

A particularly notable increase was observed in tourism and related services, supported by stable growth in household consumption as well as increased inflows from abroad. Additional support to consumption came from the increase in the minimum wage and growth in credit activity, reinforcing final consumption as a key driver of economic growth in 2025. Investment activity remained one of the most significant components of aggregate demand, contributing to steady, though moderate, economic growth.

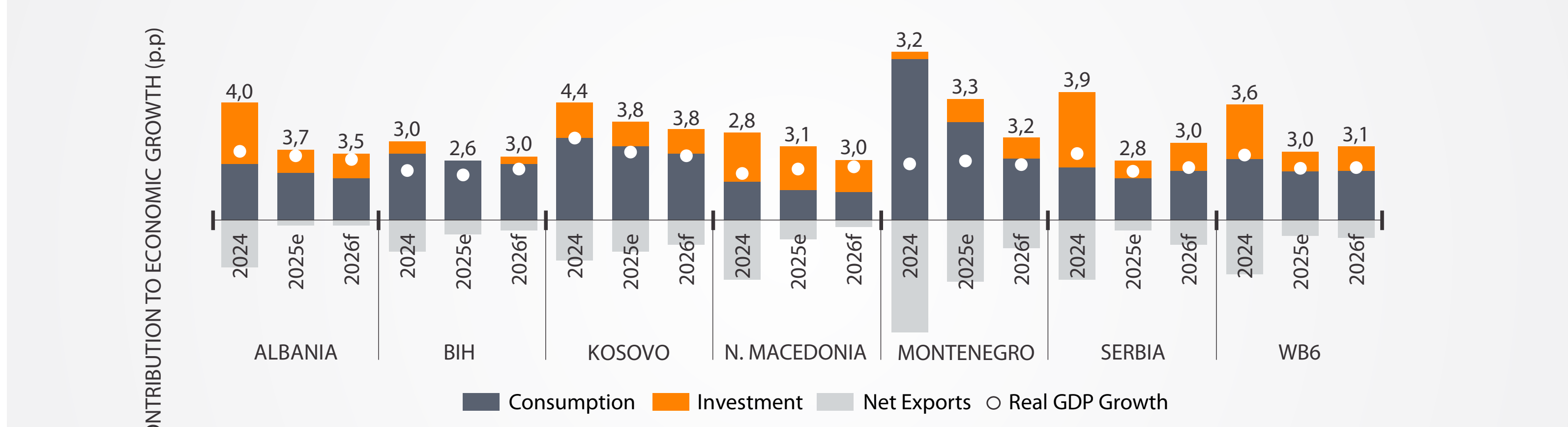
Compared to the significant challenges arising from the international environment, it can be concluded that the economy of Bosnia and Herzegovina maintained a degree of resilience in 2025, supported by continued positive trends in the services sector and stable domestic demand. However, risks remain elevated, particularly those related to declining external demand, structural weaknesses in industrial production, geopolitical tensions, trade imbalances, and increasing inflationary pressures in food and services.

Overall, although 2025 brought a certain degree of recovery and stabilization compared to previous years, Bosnia and Herzegovina continues to face the need to accelerate structural reforms and strengthen competitiveness in order to ensure more sustainable and stable long-term macroeconomic fundamentals.

The following provides an overview of key macroeconomic indicators for Bosnia and Herzegovina, along with a comparison to selected countries and the eurozone:

- According to World Bank projections from October 2025, real economic growth is expected to reach 2.6% in 2025, which is 0.7 percentage points higher than the projections of the Central Bank of Bosnia and Herzegovina. Moderate economic growth is expected to continue in the coming period. Economic activity in Bosnia and Herzegovina during the past year remained noticeably below the average of Western Balkan countries, trailing the regional average by 0.4 percentage points, while showing somewhat better relative positioning compared to the eurozone.

REAL GDP GROWTH (%)



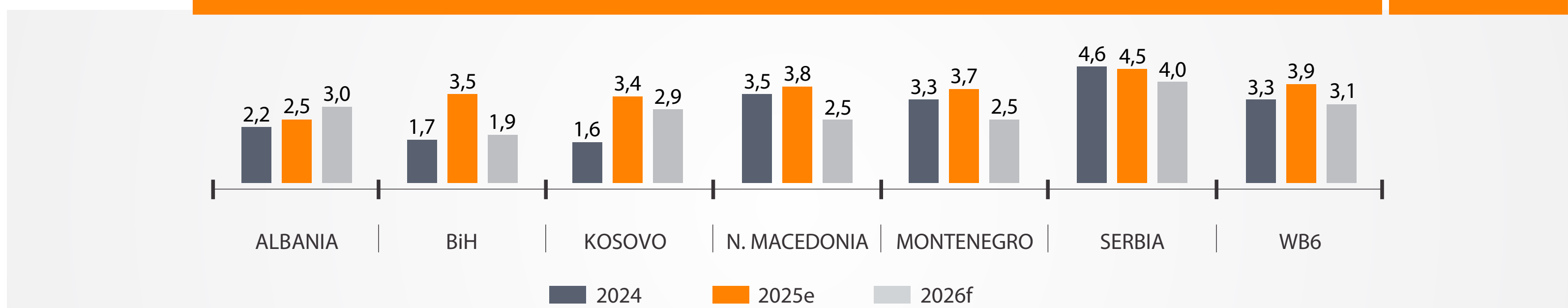
Source: Western Balkans Regular Economic Report No. 28, Fall 2025: Towards Better Jobs, World Bank, October 2025
*Note: Data for 2025 and 2026 represent estimates

The slowdown in Bosnia and Herzegovina followed a similar trajectory but was more pronounced than in other countries in the region, driven by:

- Weaker industrial production, particularly in the manufacturing sector
- Lower external demand
- Political uncertainty and slower implementation of structural reforms

- According to data from the Agency for Statistics of Bosnia and Herzegovina, annual inflation reached 4.0% in 2025, while a further increase is expected over the next two years, driven by rising minimum wages and higher electricity prices. The following chart presents annual inflation rates, measured by the Consumer Price Index (CPI), for Bosnia and Herzegovina, the eurozone, and selected regional countries, based on the latest available IMF data:

CPI INDEX

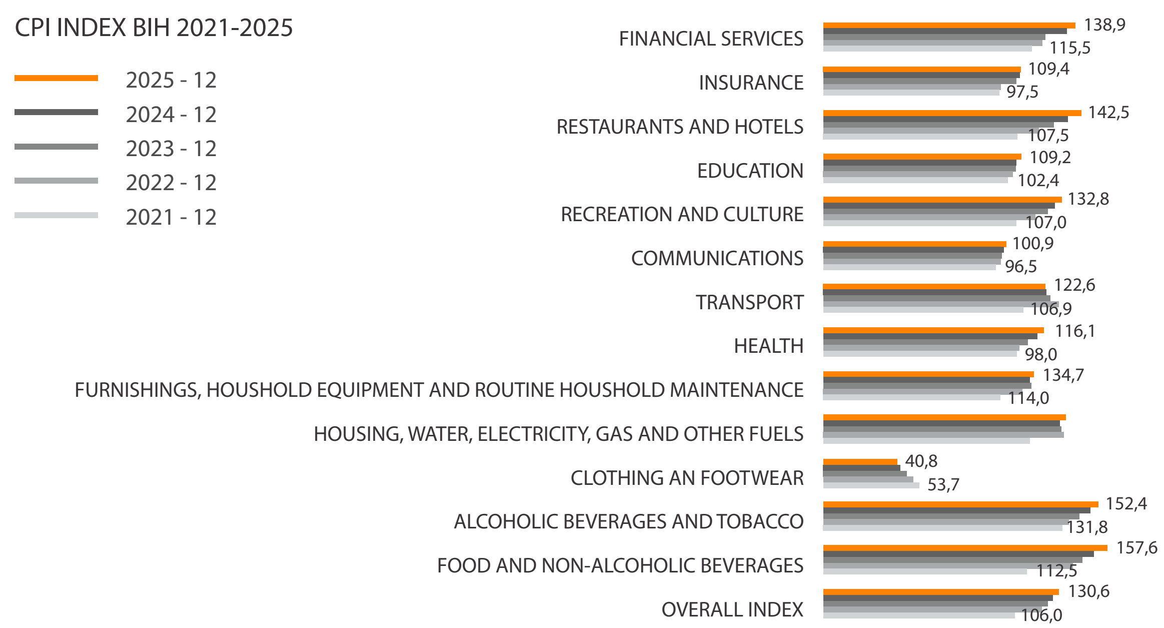


Source: Western Balkans Regular Economic Report No. 28, Fall 2025: Towards Better Jobs, World Bank, October 2025
*Note: Data for 2025 and 2026 represent estimates

The Consumer Price Index (CPI) reached record levels compared to 2015, which is used as the base year, with an average price increase of 31% recorded at the end of December 2025 compared to the 2015 average. For comparison, the CPI index stood at 100.1 in January 2021, indicating that price levels at that time were broadly aligned with those in 2015. Since then, prices have increased by approximately 31%. In December 2025, the CPI for key categories reached the following levels food and non-alcoholic beverages: 156.0, Rent: 162.2, Water supply and other utility services: 128.4, Electricity, gas and other energy sources: 133.1. The significantly elevated price levels of essential goods and services in recent years have reduced the positive effects of increases in wages, pensions, and remittance inflows, leading to a decline in the disposable income of households. The rise in consumer prices has had a particularly adverse impact on lower-income households, as a larger share of their income is spent on food and basic necessities.

The Consumer Price Index (CPI) reached record levels compared to 2015, which is used as the base year, with an average price increase of 31% recorded at the end of December 2025 compared to the 2015 average. For comparison, the CPI index stood at 100.1 in January 2021, indicating that price levels at that time were broadly aligned with those in 2015. Since then, prices have increased by approximately 31%. In December 2025, the CPI for key categories reached the following levels food and non-alcoholic beverages: 156.0, Rent: 162.2, Water supply and other utility services: 128.4, Electricity, gas and other energy sources: 133.1.

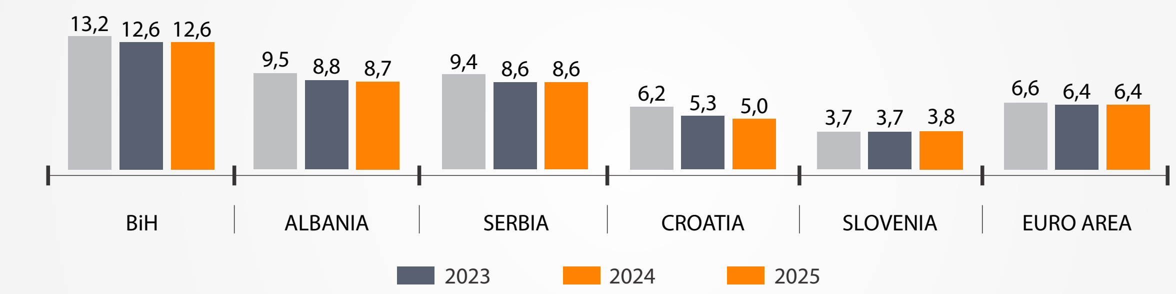
The significantly elevated price levels of essential goods and services in recent years have reduced the positive effects of increases in wages, pensions, and remittance inflows, leading to a decline in the disposable income of households. The rise in consumer prices has had a particularly adverse impact on lower-income households, as a larger share of their income is spent on food and basic necessities.



The CPI index in the communications sector indicates that telecommunications companies have made only limited pass-through of inflationary pressures to end users. Instead, cost increases have largely been absorbed through innovation and operational efficiency improvements.

- Positive labor market trends in Bosnia and Herzegovina continued in 2025. According to data from the Agency for Statistics of Bosnia and Herzegovina, the number of registered unemployed persons in December 2025 decreased by 1.8% compared to December 2024. Despite these positive developments, the unemployment rate-estimated at 12.6% by the IMF-remains significantly higher than in the European Union and most countries in the region. At the same time, the labor market has been influenced by a strong increase in nominal net wages. The average net salary in Bosnia and Herzegovina in December 2025 amounted to BAM 1,633, representing a 14.2% nominal increase compared to December 2024. This growth is largely driven by inflationary pressures contributing to higher nominal wage levels.

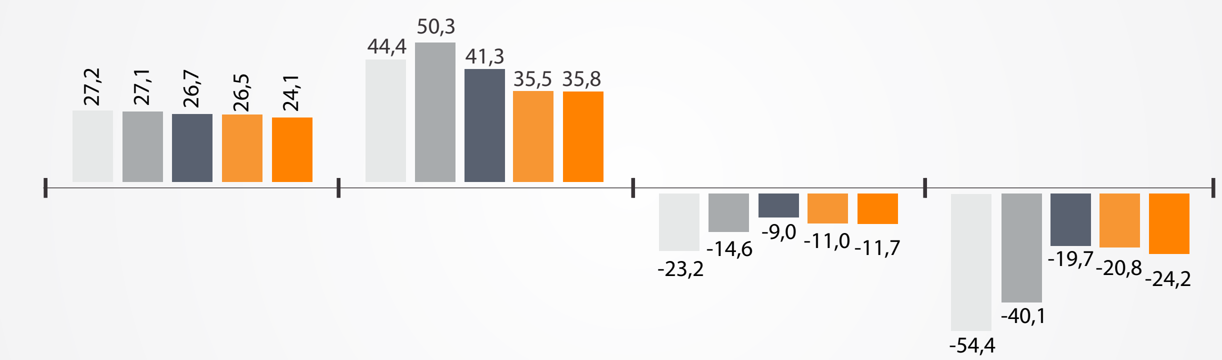
UNEMPLOYMENT RATE (%)



Source: https://www.imf.org/external/datamapper/LUR@WEO/OEMDC/ADVEC/WEOWORLD

- Negative demographic trends - The combination of negative natural population growth and a high rate of emigration has resulted in Bosnia and Herzegovina losing, on average, more than 34,000 people annually during the period 2019-2025, according to the United Nations report "World Population Prospects 2026". The same report indicates an expected increase in the share of the elderly population, which will have adverse implications for the healthcare system, social protection, and the labor market. High emigration rates are expected to persist, further reducing the working-age population and posing a significant challenge to economic growth and the sustainability of social systems.

POPULATION TRENDS IN BOSNIA AND HERZEGOVINA 2021-2025



	Live Births	Deaths	Natural Population Change	Total Population Decline
2021.	27.143	50.333	-23.190	-54.442
2022.	26.687	41.296	-14.609	-40.106
2023.	26.451	35.471	-9.020	-19.729
2024.	24.598	35.595	-10.997	-20.820
2025.	24.105	35.801	-11.696	-24.157

Source: ADS BiH; Time-Plot | Empirical Data | Data Portal

TELECOMMUNICATIONS MARKET OVERVIEW 2025

MARKET TRENDS

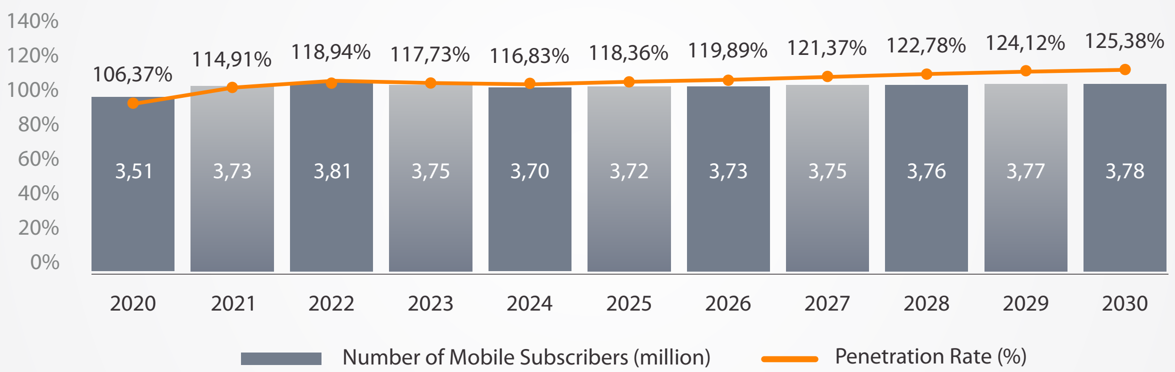
The telecommunications market in Bosnia and Herzegovina remained relatively stable in terms of total revenues in 2025, while continuing to undergo long-term structural changes characteristic of the sector. One of the most notable trends is the continued decline in the number of fixed telephone lines, which persisted in 2025 at an annual rate of 4.12%. This trend reflects shifts in customer behavior, the technological substitution of fixed telephony with mobile and IP-based communications, and a declining need for traditional voice services.

At the same time, the market continued to experience growth and further dominance of mobile and data services, which are becoming the primary drivers of revenue and key sources of competitive differentiation among operators. Strong demand for mobile internet, streaming content, social media, and digital services has led to an increase in data consumption per user, prompting operators to expand network capacity, optimize spectrum usage, and introduce more flexible tariff structures. Particular emphasis has been placed on high-data packages and converged offerings that integrate mobile, fixed, and TV services.

In the fixed broadband segment, a clear transition is underway, with users migrating to faster and more reliable technologies, primarily fiber-optic networks and advanced cable solutions. Demand for higher internet speeds has been further driven by the rise of remote work, the digitalization of business processes, and the increasing reliance of households on online services, education, and entertainment.

According to available market estimates, the value of the telecommunications market in Bosnia and Herzegovina reached approximately BAM 1.6 billion at the end of 2025, with further growth expected to exceed BAM 2.0 billion by 2030, corresponding to a compound annual growth rate (CAGR) of around 3.9%. Over the same period, the total number of subscribers is projected to increase from approximately 3.9 million to over 4.3 million, indicating continued growth potential primarily driven by the expansion of digital and data services, rather than traditional telecommunications segments.(1)

NUMBER OF MOBILE SUBSCRIBERS (MILLION) AND PENETRATION RATE (%)
BiH 2020 - 2030



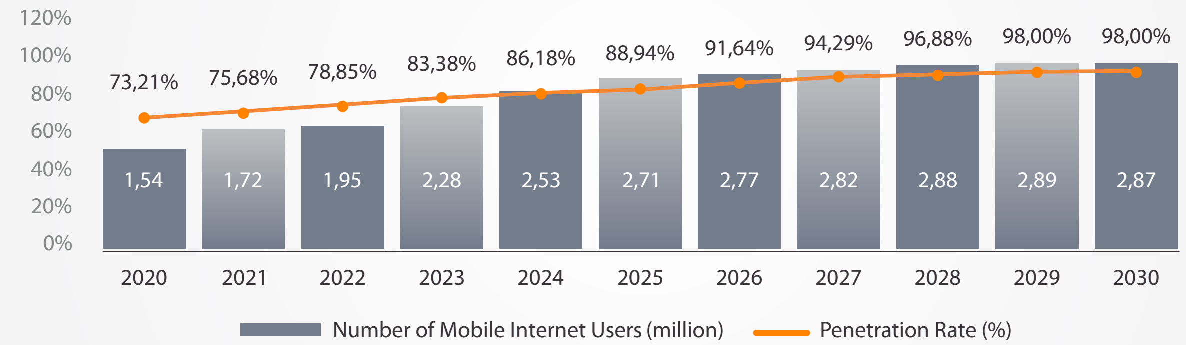
Source: Digital & Connectivity Indicators - Bosnia and Herzegovina | Forecast

(1) Bosnia And Herzegovina Telecom MNO Market Size, Share & 2030 Growth Trends Report

The number of mobile connections in Bosnia and Herzegovina continues to grow. The total number of mobile subscribers reached approximately 3.72 million at the end of 2025, representing an increase of around 0.54% compared to the end of 2024. Mobile penetration, measured as the number of mobile users per 100 inhabitants, stood at approximately 118.36% at the end of 2025, up from 116.83% in 2024. (2)

The number of mobile internet users is estimated at 2.71 million at the end of 2025, corresponding to a penetration rate of 88.94%. Continued growth in internet usage is expected, with projections indicating an increase in the number of mobile internet users to approximately 2.95 million by 2030, reaching a penetration rate of 98.0%. (3)

NUMBER OF MOBILE INTERNET USERS AND PENETRATION RATE
BIH 2020 - 2030

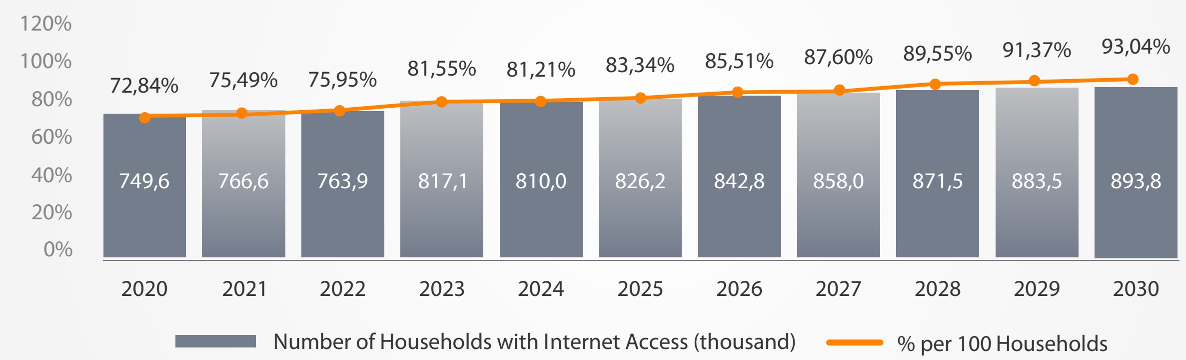


Source: Digital & Connectivity Indicators - Bosnia and Herzegovina | Forecast

This high level of mobile penetration indicates that mobile internet remains the dominant form of internet access in Bosnia and Herzegovina, both for individual users and for those relying on mobile routers or USB dongle devices.

Fixed broadband penetration in Bosnia and Herzegovina remains significantly lower. According to international statistics, the number of fixed broadband subscriptions amounted to approximately 28.5 subscriptions per 100 inhabitants in 2023 (latest available World Bank data). At the same time, according to data from Statista, the number of households with internet access in Bosnia and Herzegovina reached approximately 826.2 thousand at the end of 2025, corresponding to 83.34% of

NUMBER OF HOUSEHOLDS WITH INTERNET ACCESS (THOUSAND)
BiH 2020 - 2030



Source: Digital & Connectivity Indicators - Bosnia and Herzegovina | Forecast

(2) Digital & Connectivity Indicators - Bosnia and Herzegovina | Forecast
(3) Digital & Connectivity Indicators - Bosnia and Herzegovina | Forecast

Further investment in network infrastructure development is expected to increase the number of households with internet access in Bosnia and Herzegovina to approximately 893.8 thousand by 2030, corresponding to 93.04% of total households. (4)

This indicates that fixed broadband technologies (DSL, cable, fiber/FTTx) remain less widespread than mobile internet, particularly outside urban areas. As a result, mobile broadband continues to represent the primary method of internet access for a large share of users across the country.

DIGITAL INFRASTRUCTURE

Bosnia and Herzegovina had a relatively well-developed mobile infrastructure in 2025, with 4G/LTE networks covering almost the entire population. According to available data (Statista), 4G population coverage reached 100%, while 3G coverage stood at 99.5%. Continuous investments by telecom operators have led to improvements in network quality and increased average speeds across both mobile and fixed segments, supporting further growth in digital content consumption and the use of online services.

Although commercial 5G services are not yet widely available, 2025 saw the initiation of regulatory and spectrum allocation activities, with expectations that commercial 5G deployment will accelerate from 2026 onwards. The introduction of 5G is considered a key milestone for advancing digital transformation, enabling next-generation business solutions (B2B and B2G), IoT applications, and innovative digital services.

At the same time, investments in FTTH (Fiber-to-the-Home) and other broadband technologies continued to grow, primarily in urban and economically active areas. While these investments enable higher speeds and improved service quality, they also highlight the persistent digital divide between urban and rural areas, where access to high-quality internet remains limited in terms of speed, reliability, and availability.

The development of information and communication technologies (ICT) is a key driver of modern economic growth, innovation, and digital transformation. It also plays a significant role in Bosnia and Herzegovina's EU integration process, particularly in aligning with EU digital and economic standards. ICT services exports per capita are estimated to reach approximately EUR 183.7 (BAM 369.4) in 2026, indicating a moderate but steadily improving level of international competitiveness. This reflects the growing role of software development, outsourcing services, IT consulting, and other digital solutions being delivered to EU and global markets. Growth in ICT exports is contributing to stronger economic integration with the European Union, expansion of services trade, and gradual alignment with European regulatory frameworks in areas such as digital markets, data protection, and quality standards. Although still below EU levels, this positive trend highlights the ICT sector's potential to become a key driver of competitiveness in Bosnia and Herzegovina.

At the same time, total spending on ICT equipment in Bosnia and Herzegovina is estimated at EUR 87.9 million (BAM 171.9 million) in 2026, indicating a gradual strengthening of the domestic digital infrastructure and convergence towards European standards of digital inclusion. The increased availability of modern ICT devices and technologies in households supports the development of digital skills, e-government services, e-commerce, and education, which are key pillars of the European Union's Digital Agenda. Growing domestic demand for ICT equipment, combined with rising exports of ICT services, is creating favorable conditions for accelerating digital transformation and enhancing Bosnia and Herzegovina's readiness for integration into the EU's Digital Single Market.

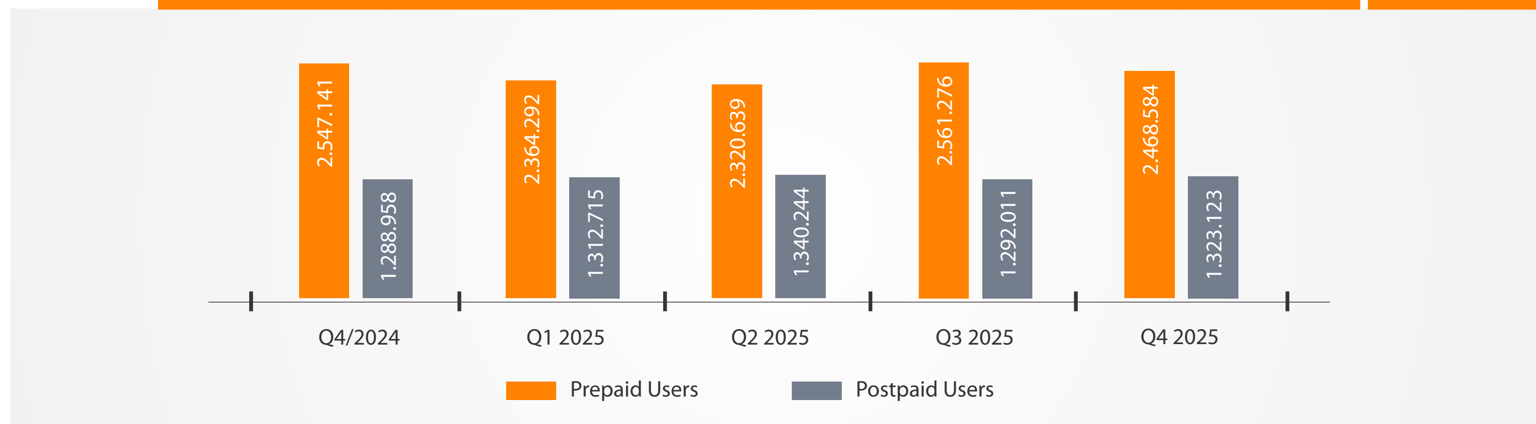
(4) Digital & Connectivity Indicators - Bosnia and Herzegovina | Forecast

According to data from the Communications Regulatory Agency of Bosnia and Herzegovina, the following key trends were observed in 2025 (5) :

- Continuation of the decline in the number of active fixed telephone lines in 2025 - by the end of Q4 2025, the number of telephone lines was lower by 6.4% compared to Q4 2024. The number of fixed lines in 2024 was 5.0% lower compared to the number of active telephone lines in 2023. The penetration rate of fixed telephony (number of fixed lines per 100 inhabitants) recorded an annual decrease of 0.4 percentage points in 2024, reaching 17.0%, which is significantly lower compared to the regional environment and the EU market. Total outgoing traffic generated via the fixed network recorded a decline of 11.5% by the end of Q4 2025 compared to Q4 2024. The decrease in the number of fixed telephony users represents a continuous trend, not only in Bosnia and Herzegovina but also in telecommunications markets globally, primarily driven by the substitution of fixed telephony services with mobile communication services. In the past two years, the number of fixed-line connections among business users has increased, and by the end of Q4 2025 recorded a growth of 4.9% compared to the same quarter of the previous year, despite the overall decline in the number of fixed telephony connections.

- The number of mobile communication subscribers (prepaid and postpaid) in Bosnia and Herzegovina recorded a decline in 2025 compared to 2024 - by the end of Q4 2025, the number of mobile telephony service users was 1.2% lower compared to the number at the end of Q4 2024. The penetration rate of mobile telephony users in Bosnia and Herzegovina at the end of Q4 2025 amounted to 111.1%, representing a decrease of 0.9% compared to Q4 2024.

TRENDS IN THE NUMBER OF PREPAID AND POSTPAID USERS



- The number of fixed broadband Internet access connections recorded growth in 2025 - in Q4 2025, the number of subscribers of fixed broadband Internet access increased by 2.1% compared to the number of these subscribers at the end of Q4 2024. The penetration rate of these users at the end of Q4 2025 amounted to 122.2%, while at the end of Q4 2024 it amounted to 118.9%. Alongside increasing competition and growing user demands, the number of users with high-speed Internet access is also rising.

- In 2025, the growth trend of fixed broadband Internet traffic continued. By the end of Q4 2025, an increase of 20.8% was recorded compared to the same quarter of the previous year. At the end of 2025, total Internet traffic in fixed networks amounted to 1,614,901 TB.

(5) Communications Regulatory Agency of Bosnia and Herzegovina (RAK) (www.rak.ba)

FIXED TELEPHONY MARKET

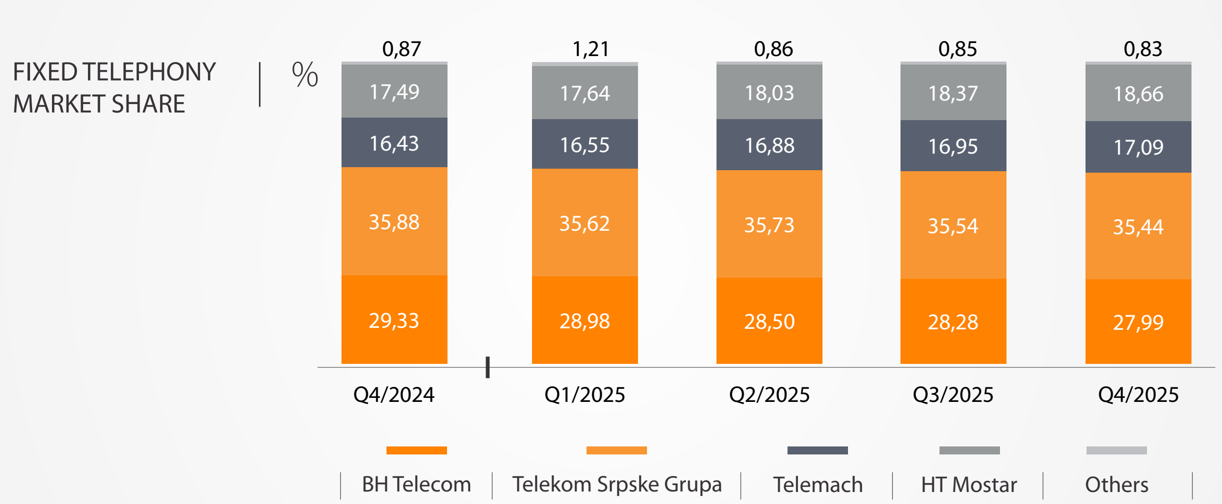
Three licensed fixed telephony operators operate in Bosnia and Herzegovina: BH Telecom JSC Sarajevo, Telekom Srpske JSC Banja Luka, and Public Enterprise Croatian Telecommunications JSC Mostar, all of which have held Public Fixed Telephony Operator Licenses since 2002, along with ten alternative operators licensed to provide public fixed telephony services.

The following table presents the key operating indicators of all fixed telephony operators for the third and fourth quarters of 2025, based on data from the Communications Regulatory Agency of Bosnia and Herzegovina. (6)

ALL OPERATORS - FIXED TELEPHONY	Q4 2025	Q3 2025	% Change Q4 vs Q3 2025	% Change Q4 vs Q4 2024
Number of active fixed telephone lines of dominant operators	415,383	429,672	-3.33%	-6.36%
Number of alternative fixed telephony operators	8	8	0.00%	-11.11%
Number of subscribers of alternative operators	140,190	139,748	0.32%	0.54%
Number of ported numbers	115,085	114,617	0.41%	2.03%
Outgoing traffic of operators (minutes)	178,584,643	169,955,047	5.08%	-11.49%
Domestic outgoing traffic (minutes)	176,728,686	168,603,960	4.82%	-11.45%
International outgoing traffic (minutes)	1,855,957	1,351,086	37.37%	-15.74%

The number of active fixed telephone lines of dominant operators at the end of Q4 2025 was 3.3% lower compared to Q3 2025, while it was 6.4% lower compared to Q4 2024. As of the end of Q4 2025, BH Telecom's market share in the provision of fixed telephony services amounted to 28.0%, representing a decline of 1.3 percentage points compared to Q4 2024. In terms of individual operators, BH Telecom holds the largest market share, while from a group ownership perspective, the Telekom Srpske Group has the largest share in this market, at 35.4%.

The chart below presents the market shares of operators based on the number of active fixed telephony lines in Bosnia and Herzegovina by quarter, based on data from the Communications Regulatory Agency of Bosnia and Herzegovina.



(6) Communications Regulatory Agency of Bosnia and Herzegovina (RAK) (www.rak.ba)

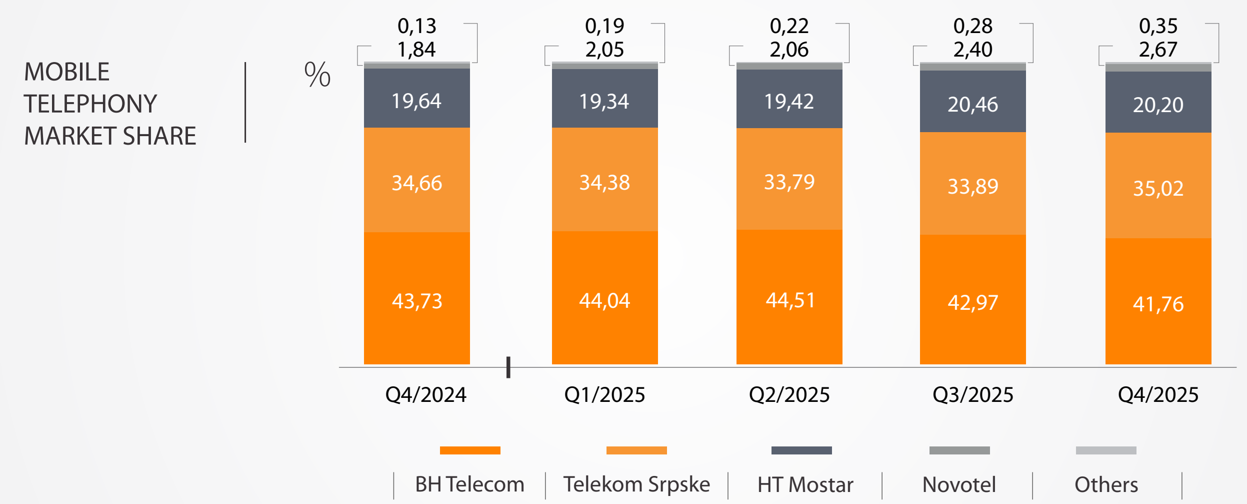
MOBILE TELEPHONY MARKET

According to data from the Communications Regulatory Agency of Bosnia and Herzegovina (RAK), at the end of 2025, three licensed mobile operators were active in Bosnia and Herzegovina: BH Telecom JSC Sarajevo, Telekom Srpske JSC Banja Luka, and Public Enterprise Croatian Telecommunications JSC Mostar, along with five registered providers of mobile telephony services: Blicnet Ltd. Banja Luka, Logosoft Ltd. Sarajevo, DASTO SEMTEL Ltd. Bijeljina, NOVOTEL Ltd. Sarajevo, and Haloo Ltd. Sarajevo.
Compared to the fixed telephony market, the mobile telephony market is characterized by a higher level of competition, as the three primary operators provide services across the entire territory of Bosnia and Herzegovina. The following table presents the key operating indicators of all mobile telephony operators for the third and fourth quarters of 2025, based on data from the Communications Regulatory Agency of Bosnia and Herzegovina.

ALL OPERATORS - MOBILE TELEPHONY	Q4 2025	Q3 2025	% Change Q4 vs Q3 2025	% Change Q4 vs Q4 2024
Number of mobile telephony service users	3,791,707	3,853,287	-1.60%	-1.16%
Number of prepaid users	2,468,584	2,561,276	-3.62%	-3.08%
Number of postpaid users	1,323,123	1,292,011	2.41%	2.65%
Number of M2M users	285,564	275,778	3.55%	68.52%
Total outgoing traffic (minutes)	691,221,388	632,200,415	9.34%	4.53%
Total number of SMS messages sent	64,161,836	53,171,656	20.67%	11.16%
Total number of MMS messages sent	407,385	373,144	9.18%	70.07%
Total number of ported numbers	216,724	205,328	5.55%	24.39%
Total data traffic (GB)	101,740,199	102,302,591	-0.55%	70.91%
Mobile penetration rate	111,13%	112,93%	-1.59 p.p	-0.87 p.p

The total number of mobile telephony service users at the end of Q4 2025 was 1.6% lower compared to Q3 2025, and 1.2% lower compared to Q4 2024. As of the end of Q4 2025, BH Telecom remains the leading operator in the mobile telephony market, with a market share of 41.8%.

The chart below presents the market shares of all mobile telephony operators in Bosnia and Herzegovina by quarter, based on data from the Communications Regulatory Agency of Bosnia and Herzegovina.



INTERNET SERVICES MARKET

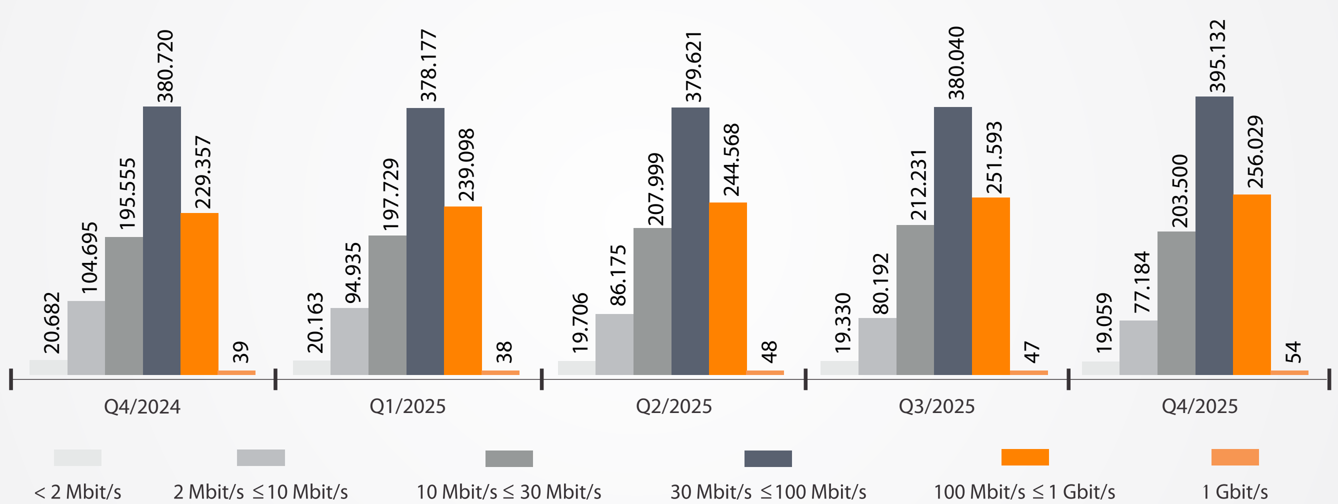
At the end of 2025, a total of 58 internet service providers operated in Bosnia and Herzegovina. The following table presents the key operating indicators of all internet service providers for the third and fourth quarters of 2025, based on data from the Communications Regulatory Agency of Bosnia and Herzegovina.

ALL OPERATORS - BROADBAND INTERNET ACCESS	Q4 2025	Q3 2025	% Change Q4 vs Q3 2025	% Change Q4 vs Q4 2024
Total number of operators	58	58	0.00%	-3.33%
Total number of fixed broadband connections	950,958	943,433	0.80%	2.13%
Number of xDSL connections	445,329	446,227	-0.20%	-1.43%
Number of cable connections	270,842	271,166	-0.12%	-1.41%
Number of fixed wireless access connections	70,792	68,727	3.00%	4.07%
Number of leased line connections	2,264	2,236	1.25%	1.98%
Number of FTTx connections	161,710	155,056	4.29%	20.42%
Number of connections via other technologies	14	14	0.00%	-12.5%
Satellite connections	7	7	0.00%	0.00%
Total fixed broadband traffic (TB)	1,614,901	1,417,910	13.89%	20.77%
Fixed broadband penetration rate	122,19%	121,18%	1.01 p.p.	3.23 p.p

xDSL remains the dominant access technology with a share of 46.8%, followed by cable networks with 28.5%, FTTx access with 17.0%, fixed wireless access with 7.4%, leased lines with 0.2%, while other technologies have a negligible number of connections. In 2025, the growth trend in the number of FTTx connections continued.

In recent years, there has been significant improvement in the offering of data transmission services, particularly in the provision of xDSL services, reflected in increased access speeds, the introduction of new packages tailored to different categories of users, and price reductions for existing packages. Operators have also expanded their bundled service offerings. Alongside increasing competition and growing user demands, the number of high-speed internet connections continues to rise.

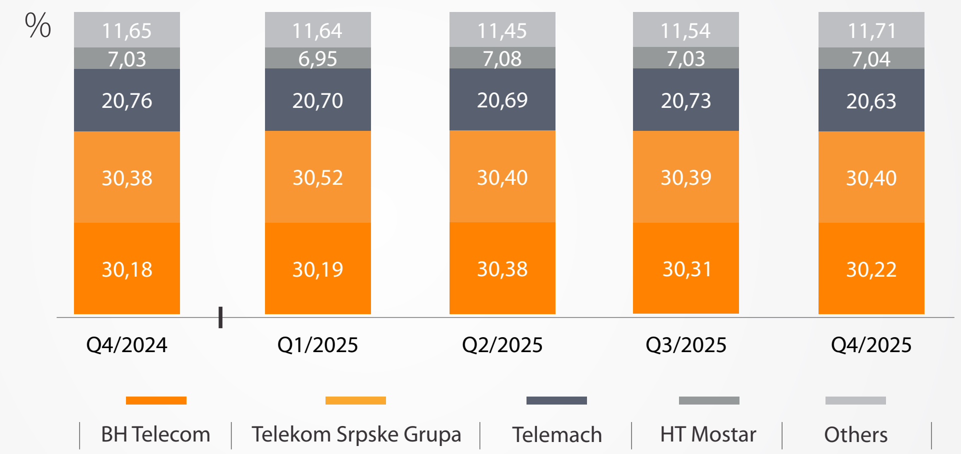
FIXED BROADBAND CONNECTIONS BY ACCESS SPEED



Total internet traffic via fixed networks recorded an annual growth of 20.7%, reaching a level of 1,614,901 TB. The penetration rate of fixed internet users increased by 3.2 percentage points, reaching 122.2%.

The chart below shows the market share of operators based on the number of fixed broadband access connections in Bosnia and Herzegovina by quarter, based on data from the Communications Regulatory Agency of Bosnia and Herzegovina.

INTERNET - MARKET SHARE

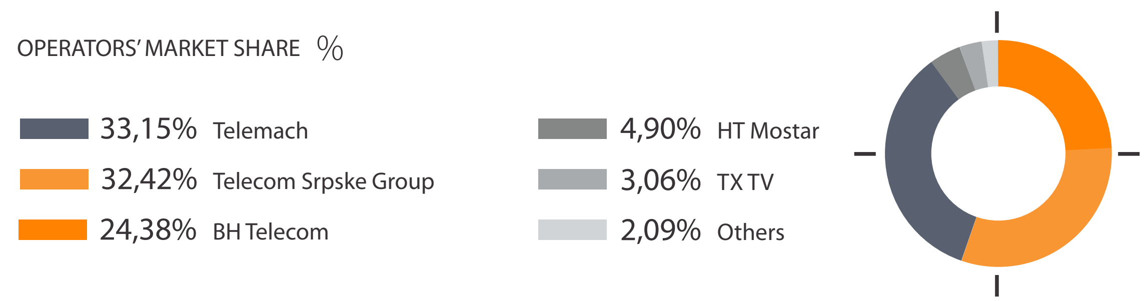


DISTRIBUTION OF AUDIOVISUAL MEDIA SERVICES AND RADIO MEDIA SERVICES

	Q4 2025	Q3 2024	% Change Q4 vs Q3 2025	% Change Q4 vs Q4 2024
Total number of subscribers to audiovisual and radio media distribution services	914,916	918,676	-0.41%	-1.19%
Number of subscribers via IPTV network	407,742	408,111	-0.09%	0.22%
Number of subscribers via cable network	343,430	344,650	-0.35%	-1.03%
Number of subscribers via DTH	163,744	165,915	-1.31%	-4.86%

The annual decline in the total number of subscribers to audiovisual and radio media distribution services amounts to 1.2%, while the number of IPTV subscribers increased by 0.2%, and the number of subscribers via cable network and DTH recorded declines of 1.0% and 4.9%, respectively, on a year-on-year basis.

OPERATORS' MARKET SHARE %



REGULATORY FRAMEWORK

The regulation of the telecommunications market in Bosnia and Herzegovina falls under the jurisdiction of the Communications Regulatory Agency of Bosnia and Herzegovina (hereinafter: the Agency) and is based on the Law on Communications of Bosnia and Herzegovina (Official Gazette of BiH, Nos. 31/03, 75/06, 32/10, 98/12), the Policy of the Electronic Communications Sector of Bosnia and Herzegovina and the Action Plan for the implementation of the Policy, as well as by-laws.

The existing regulatory framework is based on the European Union regulatory framework and is characterized by continuous monitoring and analysis of the telecommunications market, as well as the adoption of necessary regulatory acts aimed at its ongoing development. The operations of BH Telecom are aligned with the valid licenses issued by the Agency.

THE MOST SIGNIFICANT REGULATORY ACTIVITIES THAT AFFECTED OPERATIONS IN 2025 ARE AS FOLLOWS:

- The Council of the Communications Regulatory Agency (the Agency) held its 2nd session in November 2024, at which it adopted the Decision on the rate and value of the point for calculating the annual license fee. According to this Decision, the following were defined:

  › he rate for calculating the annual fee for telecommunications licenses in Bosnia and Herzegovina for 2025 in the amount of 0.75% of the total revenue of the license holder in fiscal year 2024, generated from the provision of telecommunications services - mobile telecommunications networks, public fixed telecommunications networks, internet access, distribution of audiovisual media services and radio media services, and multiplex management services.

  › The rate for calculating the annual fee for broadcasting licenses in Bosnia and Herzegovina for 2025 in the amount of 0.65% of the total revenue of the license holder in fiscal year 2024, generated from the provision of audiovisual media services and radio media services.

  › The monetary value of a point for 2025 in the amount of BAM 0.50 for calculating telecommunications license fees related to the use of numbers and/or codes.

- At its 3rd session held in December 2024, the Council of the Communications Regulatory Agency adopted Rule 97/2024 on the conditions for providing public electronic communications services and relations with end users. This rule regulates the basic principles for providing public electronic communications services, the obligations of operators in Bosnia and Herzegovina regarding relations with end users, service quality standards, as well as the types of data published by the Agency pursuant to its provisions. The rule is aligned with the European Union acquis and the need to incorporate EU directives into the legal framework of Bosnia and Herzegovina, and has been in force since January 25, 2026.

- ROAMING LIKE AT HOME (RLAH) - Continuation of activities on the implementation of the Decision on roaming service prices in public mobile communication networks issued by the Communications Regulatory Agency of Bosnia and Herzegovina, and the adopted Rule 93/21 on the application of fair use policy and sustainability assessment for the abolition of additional charges for regulated retail roaming services. This rule prescribes the obligation for all operators in Bosnia and Herzegovina to enable their users, since mid-2021, to use mobile services in roaming within Western Balkan countries as if they were using services in their home network. In accordance with the prescribed rules and guidelines, BH Telecom has successfully implemented these measures, so that calls/SMS messages originating in roaming from any Western Balkan country towards any network within the Western Balkans are charged as calls/SMS messages to other networks within domestic traffic, in accordance with the applicable tariff model. Likewise, the use of mobile internet in any of the WB6 countries is charged under the same prices and conditions as in the domestic network, subject to certain limitations defined by fair use policies. During 2025, provisions of the Decision were implemented relating to the reduction of wholesale prices for data services.

- EU/WB6 ROAMING DECLARATION - In 2022, BH Telecom signed the "EU/WB6 Roaming Declaration", committing on a voluntary basis to gradually reduce retail prices for data roaming services in EU operator networks over the period 2023-2028. The signed declaration represents a continuation of cooperation between WB6 mobile operators and the European Commission (EC) and the Regional Cooperation Council (RCC), through whose engagement the RLAH principle for roaming services in the WB6 region was established. Signatories to the declaration include almost all operators from the WB6 region as well as leading EU mobile operator groups (Deutsche Telekom, A1, Orange, United Group, 4iG, Yettel, etc.). The effect of the implementation of this declaration is a significant increase in service usage both in the EU and by foreign users in the BH Telecom network, as well as an almost complete elimination of complaints related to high roaming charges for BH Telecom users in Europe.

- Participation of BH Telecom representatives in the work of the Advisory and Coordination Group (ACG) established by the European Commission (EC) and the Regional Cooperation Council (RCC). The ACG has an advisory and coordination role aimed at facilitating discussions on improving the business environment in the telecommunications sector and reducing roaming charges between the EU and the Western Balkans. In addition, the objective is to initiate a structured process of consultation and dialogue with telecommunications operators on a broad range of regulatory aspects related to connectivity, particularly broadband access and the development of 5G networks, including, but not limited to, policy reforms for the period 2024-2028 contained in the New Growth Plan for the Western Balkans.

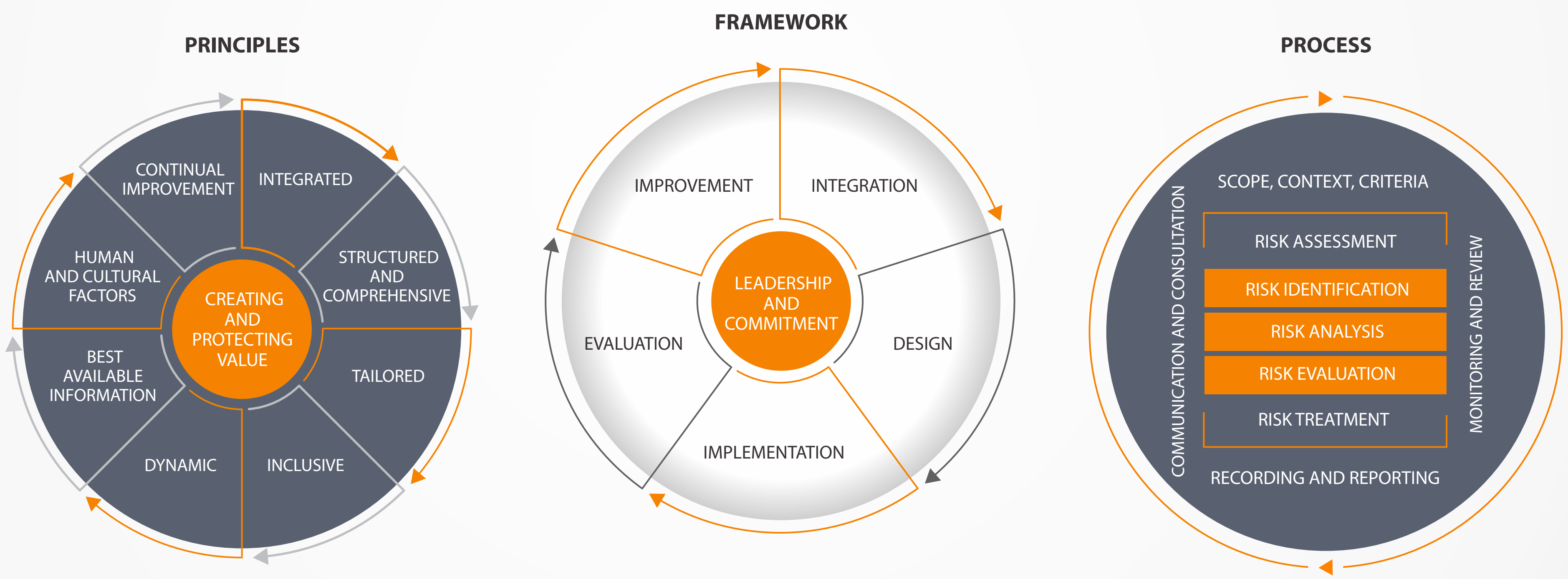
The ACG consists of representatives of WB ICT ministries and regulators, including, where appropriate, representatives of WB Broadband Competence Offices (BCOs), telecommunications operators from the Western Balkans and the EU, the European Commission, the Body of European Regulators for Electronic Communications (BEREC), and the Regional Cooperation Council (RCC). A key activity of the ACG group is the initiation of discussions on the implementation of RLAH between operators from the WB6 region and the European Union.

RISK MANAGEMENT AND CORPORATE GOVERNANCE

Risk Management

Risk management is an integral part of our operations, and risks are considered as future events that may pose a threat to the achievement of defined strategic and operational objectives. Effective risk management and the timely identification of emerging risks enable consistent monitoring and mitigation of the negative impact of threats and weaknesses from both the external and internal environment on the Company's operations. Our risk management framework, based on ISO 31000 and COSO practices, ensures that risks are managed in a structured and appropriate manner. It supports the achievement of objectives, the execution of strategy, the strengthening of the business model, and the protection of assets.

RISK MANAGEMENT - PRINCIPLES, FRAMEWORK AND PROCESS



We apply the "three lines of defense" model to define clear roles and responsibilities, coordinate activities, and ensure that all stakeholders are provided with the information necessary to effectively manage risks.

Risks are classified into four categories according to their nature:
- Strategic risks - risks that may jeopardize the Company's strategic objectives and long-term sustainability
- Operational risks - risks related to the day-to-day operations of the Company
- Financial risks - risks related to losses or changes in the Company's financial position
- Regulatory and compliance risks - risks associated with legislation, regulations, and regulatory requirements

Each risk class is further divided into multiple categories and subcategories, enabling efficient identification of areas most exposed to risk. In addition, the review of key internal controls is an integral part of risk management. The establishment and development of internal controls are reviewed annually, in accordance with the self-assessment methodology, ensuring transparency in identifying deficiencies in operational processes and risk management. The Internal Audit Department regularly conducts audits in the field of risk management in order to assess the functionality and effectiveness of the established system. The Management Board is regularly informed about the most significant risks of the Company, at least twice a year.

Corporate Governance Principles

BH Telecom operates in accordance with the Corporate Governance Code, which incorporates principles of business transparency, clearly defined procedures for the work of the General Assembly, Supervisory Board, Management Board, and Audit Committee, as well as principles of conflict of interest avoidance, effective internal controls, and an efficient accountability system. The objective of the adopted corporate governance principles is to improve the Company's business development for the benefit of all stakeholders, and to ensure, through defined principles and the introduction of good corporate governance practices:

- A system of mechanisms for setting Company objectives, defining the means for their achievement, and monitoring performance outcomes
- A foundation for the effective implementation of corporate governance principles
- A balance of influence among stakeholders
- A sustainable and consistent system of supervision over the Management Board and protection of investors
- Accountability of the Company's governing bodies
- Strengthened confidence of shareholders and investors in the Company, as well as equal treatment of shareholders
- Disclosure of information and transparency in operations
- Efficient use of the Company's resources
- Trust in the Company's operations and management

In line with the above, the Company ensures timely disclosure and public availability of information regarding matters related to the Company, in accordance with the Company Law, the Securities Market Law, the Rulebook on Corporate Governance of Joint Stock Companies, the Rulebook on Information Disclosure and Reporting in the Securities Market, acts of the Securities Commission, the rules of the organized market on which the Company is listed, and the Company's internal acts, thereby ensuring equal access to information for shareholders, investors, and other stakeholders.

Communication with the public is based on principles of accuracy, reliability, completeness of information, timeliness, equal accessibility, trust-building, and efficiency, ensuring that shareholders, potential investors, customers and suppliers, government authorities, and the wider public are informed in an objective and factual manner about events and developments relevant to the Company's operations. Public disclosure is achieved through publication, submission, and provision of access to relevant documents. Information is published via the Company's website and/or printed media.

TOTAL REVENUE

566.1 million BAM

NET PROFIT

69.8 million BAM

03 OPERATIONAL PERFORMANCE

INNOVATIONS IN SERVICE OFFERINGS AND CUSTOMER APPROACH IN 2025

BH Telecom is the leading telecommunications operator in Bosnia and Herzegovina, providing high-quality, state-of-the-art telecom services. Through responsible management, placing customers at the center of our operations, implementing new technologies, and making sound business decisions, we have succeeded in establishing ourselves as the leading provider of telecommunications services in a highly competitive market.In 2025, despite all the challenges brought about by the global economic crisis, we remained steadfast in our strategic direction. This is evidenced by the growth in the number of customers across all segments.

The key activities, including new offerings and improvements implemented in 2025 with the aim of achieving optimal business results, are outlined below.

POSTPAID

Through a wide range of Extra packages within its postpaid offering, BH Telecom provides its customers with rich and diverse content. With options for even more extensive content, discounts, and device purchases, every customer can find an option that best suits their needs. Such an offering leads to continuous growth of the customer base, including both new customers and those migrating from prepaid, as well as a significant number of customers switching from other networks. This approach also results in a steady increase in the number of customers bound by 12- or 24-month contractual agreements.

During 2025, promotional offers with various benefits were continuously implemented, with the aim of attracting new customers, primarily from other networks, as well as encouraging Ultra customers to migrate to one of the Extra packages. Through promotional campaigns involving SIM to USIM card replacement with added benefits, customers were continuously enabled to transition to the LTE network, with the goal of increasing mobile internet usage. As part of these sales and promotional campaigns, customers received benefits such as additional mobile data and subscription discounts. The Travel package portfolio for customers travelling outside Bosnia and Herzegovina has also been continuously improved and expanded, enabling them to travel worry-free without the risk of high bills.

eSIM

OR

USIM

Digitalization efforts continued through encouraging BH Telecom customers to increasingly use the mobile application Moj BH Telecom for purchasing content and paying all BH Telecom bills. The current BH Telecom offering of bundled/hybrid packages primarily targets younger segments, including school pupils and students, while the introduction of the "Senior" package for older customers has completed the mobile service portfolio for all age groups. Considering the announced activities related to the shutdown of the 3G network in order to increase capacity for 4G+, activities aimed at replacing SIM cards with USIM cards have been intensified, enabling customers to access enhanced mobile internet capabilities.

PREPAID

In 2025, BH Telecom's prepaid offering aimed to respond to local competitive challenges while following market trends in adapting to rising inflation, all with the goal of stabilizing BH Telecom's revenues and maintaining customer satisfaction. During 2025, customers were enabled to use services under favorable conditions, particularly in terms of mobile internet usage (both in the domestic network and in roaming), through promotional offers as well as updates to the standard offering. In addition, a series of promotional campaigns were implemented during seasonal periods, both for customers visiting Bosnia and Herzegovina and for those traveling abroad, with the aim of enhancing the prepaid starter package offer for new customers and Travel packages for existing customers.

BestBuy AWARD
NAJBOLJI ODNOS CIJENE I KVALITETA
WWW.BESTBUYAWARD.ORG/BIH-SPRING
BH TELECOM: MOBILNE USLUGE
GENERAL 2025/2026

ROAMING OFFER

As part of the roaming services portfolio, Travel packages were enhanced by expanding the areas in which they can be used. Additionally, the option of multiple activations of Travel NET packages for postpaid customers was introduced, enabling continuous service usage (customers no longer need to wait for one package to expire before activating another). Within the standard offer, roaming charges for satellite, maritime, and in-flight networks were also defined (instead of billing based on operator invoices).

MOJA TV

During 2025, a comprehensive redesign of the Moja TV and Moja webTV offering was successfully implemented. This included the introduction of FilmBox and Arena Sport Premium packages, enhancement of existing package content, price optimization, and increased fiber speeds. At the same time, several targeted promotional and sales campaigns were carried out, aimed at increasing value per customer, improving customer satisfaction, and strengthening customer loyalty. These strategic activities significantly contributed to the modernization and competitiveness of the TV portfolio, resulting in financial performance that exceeded planned targets.

INTERNET ACCESS SERVICE

During 2025, BH Telecom continued the consistent implementation of its product and commercial strategy in the internet access segment, maintaining stable and positive trends in customer base growth, revenue, and e-bill usage rates. Through continuous enhancement of customer value and responsible portfolio development, BH Telecom has strengthened its position over the past three years as one of the leading providers of standalone fixed broadband access in the Bosnia and Herzegovina market.

The focus in 2025 was on further optimization of the existing internet package portfolio-without significant structural changes, but with the implementation of targeted promotional and sales activities that provided additional benefits to customers, particularly within higher-speed access packages. These activities were aimed at strengthening the perceived value of services, increasing sales and overall revenue, encouraging customer migration to higher-speed packages, increasing ARPU, and ensuring long-term customer retention.

In 2025, BH Telecom also implemented a comprehensive set of changes to its offer aimed at full alignment with the new regulatory framework and relevant EU directives in the field of electronic communications service quality and customer contractual rights. In this context, minimum guaranteed internet speeds were increased, a transparent mechanism for reducing monthly fees in cases where the agreed minimum speed cannot be achieved was introduced, and contractual models were improved through more flexible contract duration options (open-ended, 12 or 24 months), more favorable early termination conditions, and the possibility of temporary service suspension during the mandatory contract period. All of these changes were aligned with Rule 97/2024 of the Communications Regulatory Agency of Bosnia and Herzegovina and were technically implemented during 2025. Their full commercial and market impact is expected in 2026. These changes are anticipated to contribute to improved customer experience and increased customer loyalty.

BUSINESS CUSTOMERS

Faced with numerous challenges, primarily reflected in inflation and increased costs, in 2025 BH Telecom commercialized enhancements to existing services and introduced new services for the business segment, contributing to continuity and the achievement of strong business results. During 2025, the trend of developing new services, as well as enhancing existing services from the Cloud Services Catalog, continued, primarily through the optimal use of existing technologies, services, and internal expertise.

The Cloud Services Catalog is designed to enable the creation of personalized solutions, ranging from simple to advanced technical implementations, with all services and infrastructure resources required for their operation implemented in BH Telecom-owned data centers located in Bosnia and Herzegovina. A significant portion of the enhancements was focused on developing services that improve security and data protection, enhance reliability, and ensure high availability of end-user services, all delivered within the BH Telecom Cloud. In addition to providing modern, up-to-date Cloud technologies, an important segment of the Cloud Services Catalog offering is the expansion of the Technical Lead service scope, ensuring customers receive additional expert support during the design, implementation, and operational use of Cloud solutions.

A promotional and sales campaign for Toptim customers was also conducted, aimed at providing more favorable terms and additional benefits when opting to continue using the service. Continuity was maintained in the strategy of transitioning customers from TDM to digital services, i.e., the IP Centrex fixed voice service, by creating the prerequisites for successful migration from ISDN-based services. The option to deliver MPLS VPN services via the mobile 4G network was introduced for locations where BH Telecom's fixed infrastructure is not available. Additionally, the SD-WAN service was launched, representing a technological advancement of VPN services (a software-defined network connecting business locations, data centers, and the cloud via multiple types of links). Furthermore, enhancements to Wi-Fi internet access were implemented through increased access speeds, the introduction of a new package, and new functionalities.

PLACEMENT OF GOODS FOR RESALE THROUGH THE BUNDLED OFFERING

The previous period was marked by the continued trend of expanding the assortment of goods for resale through BH Telecom's bundled offering. In the consignment sales segment, the range of products on offer has continued to expand, in line with market demand. The placement of terminal equipment within the bundled offering has shown continuous growth, along with the expansion of the portfolio of consignment goods and devices for resale. During 2025, two promotional campaigns featuring dedicated devices for specific segments and packages were commercialized.

The telecommunications sector and industry are facing rapid development of new technologies and services. In this context, we have aimed to keep our device and service offering flexible and aligned with market needs, as competition and consumer preferences continue to grow. Customers increasingly demand devices that enable higher internet speeds and better connectivity, as well as smart home devices, wearables, sensors, and other devices capable of communicating via mobile networks, which is essential for the further expansion of the market.

BH TELECOM ICT PORTFOLIO WITH PARTNERS THROUGH PARTNER SOLUTIONS

The delivery of services that BH Telecom provides in cooperation with partners enables the company to position itself in the market not only as a traditional telecommunications service provider, but as a comprehensive digital partner. In this way, customers are given the opportunity to access all key services needed for the development and efficient management of their business in one place, in line with digital transformation trends. This approach strengthens long-term relationships and customer loyalty, as BH Telecom becomes an integral part of their business ecosystem. Projects have been implemented without capital investments and without maintenance costs. The partner cooperation model has enabled the rapid expansion of the digital portfolio.

Implementation results (as of December 2025):

- Four new market areas have been covered: business security, process digitalization, enterprise digitalization, and digital services;
- A total of 10 new digital services have been commercialized, while the number of partners with signed business and technical cooperation agreements has reached 19.

The current portfolio includes several partner services implemented for business customers, contributing to greater efficiency, security, and productivity, such as:

- **Cybersecurity and online protection services** that ensure data protection and customer security in the digital environment (by Sophos)
- **Advanced Cloud software** and applications for document management and digital signature, enabling the digital transformation of business processes:
- **OWIS Cloud** - for document and business process management
- **Moj Potpis** - online exchange of documents intended for digital signing
- **Moj Arhiv** - a solution for digital archiving of all types of business documents
- **Cloud Call Center** - a digital contact center in the Cloud with advanced communication services
- **Microsoft Business Suite** (MBS) portfolio, etc.

In addition, the offering includes services for residential customers, such as:

- Assistance services - providing timely and appropriate support in unforeseen situations
- Digital gaming vouchers - enabling customers to purchase desired digital vouchers in a reliable, secure, and simple way, with quick electronic delivery.

In 2025, the Digital Gaming Vouchers service was introduced, pricing for the Microsoft Business Suite service was optimized, and the Electronic Payment Slip offering was expanded in cooperation with Addiko and NLB banks. Continuous improvements are being made to existing services, including the introduction of new functionalities to deliver richer and more valuable offerings, as well as the expansion of the portfolio with new services. Activities have been initiated to introduce a new service, OWIS Hosting - hosting customer DMS systems in the BH Telecom Cloud environment - and to further enhance existing services such as Cloud Call Center, Cloud Fax, Microsoft Business Suite, and Digital Gaming Vouchers, along with expanding the Electronic Payment Slip service in cooperation with two additional banks.

The overall Partners Program offering has also been optimized in line with market requirements and a focus on profitable services. Our goal is to enable customers to access and manage BH Telecom services and bills more easily and efficiently, to generate new revenue streams, and to optimize processes and improve efficiency through digital channels. In 2025, BH Telecom acquired its first customers of the OWIS Cloud service, confirming its role as an integrator of digital services and its capability to deliver complex cloud-based solutions to the market.

BH CONTENT LAB PLATFORM

During 2025, drama series previously produced within the BH Content Lab platform were exclusively broadcast on the MY TV channel, while broadcasting rights were licensed across the entire region, including: "Kotlina S2," "Komar," "Na rubu pameti S2," and "Tender S3 and S4." Additionally, all previously produced series were relicensed after the expiration of territorial broadcasting rights, further confirming the quality of the produced content.

In 2025, contracts were signed for participation in the co-production of drama series and the film "Kad sam bio Hodža," directed by Ademir Kenović, as well as "Trake" by Zlatko Topčić, both currently in production.

For all series produced within the BH Content Lab platform, broadcasting rights have been licensed for the territories of Bosnia and Herzegovina, Slovenia, Croatia, Montenegro, and North Macedonia, as well as to the HBO platform and the Voyo platform. Furthermore, global distribution rights for the series "I Know Your Soul" (Znam kako dišeš) by director Jasmila Žbanić, "Kotlina" by Danis Tanović, and "Komar" by Timur Makarević have been granted to Beta Film GmbH, one of the world's leading global distributors.

BH Telecom also participated in the co-production of films "Paviljon," "Bosanski Vitez," and "Testament." The film "Paviljon," directed by Dino Mustafić, opened the Sarajevo Film Festival (SFF) 2025, while "Testament" became a domestic box-office hit, achieving the highest cinema attendance and revenue in Bosnia and Herzegovina in 2025.

CO-PRODUCED PROJECTS

Film
TESTAMENT
Writer / Director: Mirza Begović

Documentary Film
BOSANSKI VITEZ
Writer / Director: Tarik Hodzić

Series / Film
TRAKE
Director: Dino Mustafić

Series / Film
KAD SAM BIO HODŽA
Writer / Director: Ademir Kenović

Film
PAVILJON
Director: Dino Mustafić

NEW SERVICES IN 2025

Digital Gaming Vouchers - These are digital game codes that serve as essential tools in the modern gaming industry, providing players with a seamless way to access their favorite video games without the need for physical media. Digital vouchers can grant access to in-game content, expansions, season passes, or even virtual currencies used within games, offering players a wide range of options to enhance their gaming experience.

Electronic Payment Slip Service - This solution enables the delivery of BH Telecom service bills through pre-prepared electronic payment slips that can be paid with a single click via the mobile applications of partner banks. In this way, customers are able to pay their bills contactlessly from the comfort of their homes. In 2025, cooperation was expanded with two additional banks: Addiko Bank and NLB Bank. To date, partnerships have been established with nine banks, while the implementation of this service is currently being extended in cooperation with two more banks.

Advertising - In 2025, BH Telecom enhanced its advertising services by expanding its portfolio to include nearly all types of advertising available within the industry. The advertising services portfolio includes: Advertising in BH Telecom business premises (indoor/outdoor), Advertising on the MY TV channel, Targeted TV advertising, Advertising on live cameras, Advertising within the Moj BH Telecom application (planned for rollout in 2026) and Targeted mobile advertising.

MOJ BH TELECOM APPLICATION

At the end of 2025, a product catalog of Gaming Vouchers was created within the Moj BH Telecom mobile application channel, with its full rollout expected in 2026. By the end of 2025, the number of application users exceeded 457,000, with a total turnover of BAM 70 million, of which more than BAM 50 million was generated through payment card transactions. The continuous growth in the number of users is a result of the quality of the features offered, as well as the reliability and security of the application.

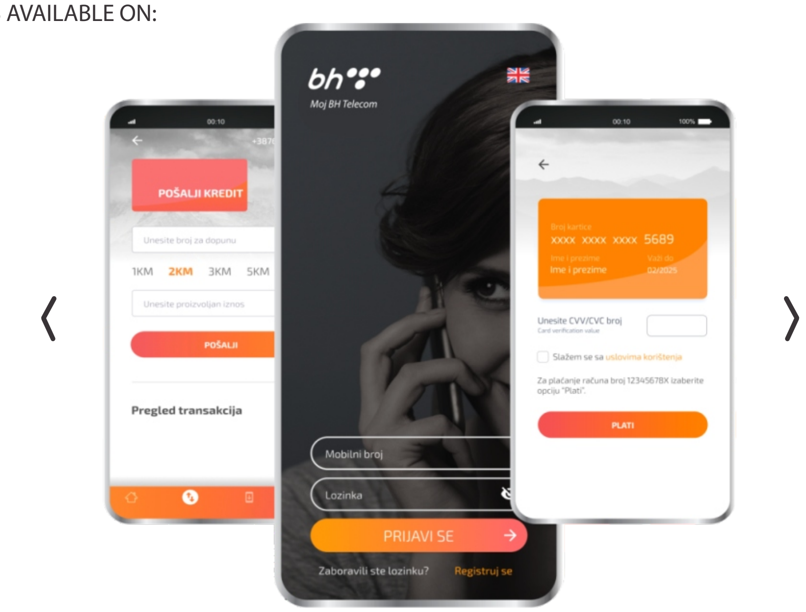
The Moj BH Telecom application represents one of the steps toward the digitalization of BH Telecom's sales and service channels. In 2026, further development of new customer support features will continue, including the implementation of digital product sales - eSIM and partner eVouchers - as well as the option to report service issues/complaints via the mobile application.

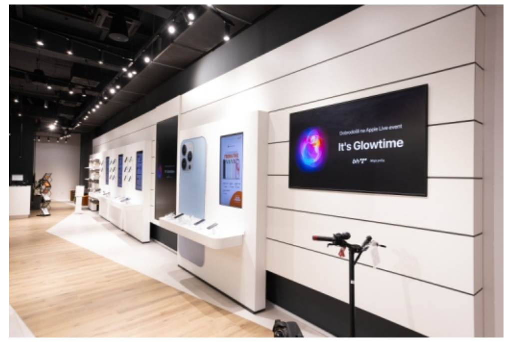
THE MOJ BH TELECOM APPLICATION IS AVAILABLE ON:

GET IT ON Google Play

Available on the App Store

EXPLORE IT ON AppGallery





BH TELECOM - SALES CHANNELS

BH Telecom has developed the following sales channels for residential customers:
• Own retail outlets,
• Web shop,
• Authorized sales agents for BH Telecom services,
• Contact center.

Although the online sales channel is expected to take the lead in the coming years, the majority of sales is still carried out at physical retail locations, which retain a more traditional rather than modern futuristic character.

BH Telecom currently operates 76 retail locations:

69	5	2
in the Federation of Bosnia and Herzegovina	in Republika Srpska	in the Brčko Distric

The development of distribution channels in the previous period, in addition to an extensive intermediary/sales network, has contributed to fully meeting the needs of our customers. The telecommunications market is undergoing a significant transformation, both technologically and in terms of the value delivery chain, which has a major impact on changes in customer experience. Many of the priorities that defined this business over the past twenty years are now becoming obsolete, while new trends are emerging as key priorities, with a strong focus on the transformation of customer experience.

At the same time, the telecommunications business itself is evolving. In the past, telecom operators primarily offered intangible services, whereas today they also provide various electronic devices, terminal equipment, content, and IoT ecosystems alongside their services. This shift requires effective product presentation and demonstration of functionality. As a leader in digital transformation, BH Telecom has initiated the transformation of its physical distribution and retail channels. Three self-service bill payment machines ("platomati") have been procured. These innovative self-service devices are primarily intended for bill payments via 2D barcodes from paper bills or mobile phone displays, as well as through manual entry of customer data via the display.

The machines enable payment of all BH Telecom services, including fixed-line services, mobile services, xDSL services, MojaTV, Moj izbor, the unified BHT bill, and other residential services billed monthly. In the period from June 20, 2025, to December 31, 2025, the three machines processed a total of 33,891 transactions. Assuming that a cashier requires an average of 90 seconds to process a single payment, it follows that the machines handled a workload equivalent to 847 working hours of cashier time during this period.

In 2025, a software solution called eKatalog was developed and installed on interactive displays at BH Telecom retail locations. These displays had been procured and installed the previous year with the aim of improving customer experience and enabling easy access to information about services, prices, and current offers. Developed entirely by BH Telecom employees, eKatalog provides customers with an intuitive and transparent interface for accessing key information. It enables browsing and ordering devices from the current offering, activating eSIM cards, purchasing add-ons, as well as reviewing price lists, terms of use, and other relevant content. Through this solution, BH Telecom further enhanced the digitalization of its sales process and elevated the quality of customer support.

During 2025, the equipping of retail locations with display stands featuring live demo devices was intensified. These included various brands of mobile devices, tablets, laptops, and more, allowing customers to view and test the latest devices.

SALES CHANNELS - WEBSHOP

At the beginning of 2021, BH Telecom launched a new digital sales channel - the Webshop - which complements the physical retail network while also representing the most profitable sales channel. The Webshop was quickly recognized by customers-earlier than expected-as a reliable, simple, and efficient way to purchase services, as evidenced by the large number of registered users (300,000), who generated millions of customer interactions in 2025.

In 2025, total revenue generated through the Webshop amounted to BAM 13.5 million, representing a 59% increase compared to 2024. The largest share of total revenue comes from the sale of devices within bundled and consignment offerings, amounting to BAM 10.7 million, which is 34% higher than in the previous year. In addition to device sales, significant growth has also been recorded in digital services. The value of sold eSIMs increased by 110%, while the value of add-on purchases grew by 4% compared to 2024. By implementing this sales channel, BH Telecom has enabled residential customers to purchase products and/or services online 24/7/365, with free delivery throughout Bosnia and Herzegovina, as well as additional discounts and gifts for selected purchases.

The Webshop allows customers to browse products and/or services with descriptions, images, and pricing. Once they decide to make a purchase, customers can complete payment in a secure and simple manner: online via payment cards (Maestro, Mastercard, Visa, Visa Electron), through their BH Telecom monthly bill, or by cash on delivery.

Within the Webshop, individual customers can:
• Purchase devices and related equipment (one-time or under 12- or 24-month contracts) as part of bundled and partner (consignment) offers,
• Purchase Ultra Start and Ultra Internet starter packages with USIM cards,
• Purchase Ultra Start, Ultra Internet starter, and Ultra Tourist packages with eSIM cards,
• Purchase Ultra top-ups in various denominations,
• Submit requests for core services, change packages, and bundle services under MOJ IZBOR,
• Migrate from prepaid (Ultra) to subscription-based services and contract mobile services (USIM + contract or eSIM + contract),
• Enter into a new mandatory contract period of 12/24 months,
• Submit requests for switching from other networks,
• Pay BH Telecom bills for all services,
• Activate online services (various add-ons such as Instant Internet, Buy&Surf, Tourist, Travel add-ons, Moja TV additional services, etc.),
• Activate the Bonus Plus loyalty program, track awarded points, and redeem points for Webshop purchases,
• Report service issues,
• Submit complaints regarding BH Telecom services,
• Use Contact Center support, where agents can place Webshop orders on behalf of customers,
• Purchase devices via Webshop through physical retail locations if the device is not available on-site.

In the first quarter of 2025, BH Telecom introduced the option of using a digital signature for signing sales documentation, including contracts, requests, and other forms. This service allows customers to sign documents quickly and easily remotely, without the need for physical presence or paper-based signing. The digital signature contributes to more efficient, secure, and modern operations, reduces delivery and printing costs, and further enhances the customer experience in a digital environment.

Customers are also able to benefit from accumulated loyalty points within the Bonus Plus program during the purchase process. Throughout 2025, promotional campaigns were organized in which Webshop customers received special discounts on selected products or services, as well as various gifts (devices, additional equipment, bonus traffic, shopping vouchers for malls or stores, etc.). In cooperation with suppliers and device manufacturers, BH Telecom also organized preorder sales campaigns for premium devices via the Webshop. Customers who placed preorders before the official sales launch and completed their purchases upon release were entitled to gifts such as devices, vouchers, or the opportunity to purchase the ordered device at a significantly reduced price.

AUTHORIZED AGENTS IN THE SALE OF BH TELECOM SERVICES

At the beginning of 2020, a sales model for telecommunications services aimed at residential customers through authorized agents was introduced, enabling service contracting without the need to visit BH Telecom retail locations. This sales mediation model is implemented based on agreements concluded with multiple agents (13 agreements were signed in 2025), who are obligated to submit requests for establishing subscription agreements in each billing period, in a manner predefined and regulated by the mediation contracts. At the end of 2024, a mediation sales model for mobile services for legal entities (business customers) was introduced, with an enhanced concept that communication between agents and BH Telecom-regarding the submission of information about business customers and their mobile service needs-is carried out via a web-based lead form. This approach has improved the previous traditional method of communication with agents.

CONTACT CENTER

The BH Telecom Contact Center represents one of the most important operational and sales segments of the company, responsible for providing customer support, executing sales activities, and enhancing the overall customer experience.

1. BEST-RATED CONTACT CENTER IN THE MARKET

According to the 2025 "mystery shopper" survey, the BH Telecom Contact Center achieved the highest overall service quality index compared to competitors. This recognition confirms a high level of professionalism and commitment to customers.

2. EXPANDED ROLE - FROM TRADITIONAL SUPPORT TO A STRONG SALES FUNCTION

Today, the Contact Center has a significantly expanded role and operates as:

- a direct sales channel,
- a key touchpoint for identifying additional customer needs,
- a mechanism for continuous improvement of customer experience.

During 2025, the volume of sales activities increased, including the sale of services, devices, and additional packages, positioning the Contact Center as an important driver of sales performance.

3. MULTICHANNEL COMMUNICATION VIA AN ADVANCED CMS TOOL

The Contact Center uses a modern CMS tool that enables communication with customers through multiple channels:

- telephone,
- email,
- SMS,
- IPTV notifications,
- social media.

This multichannel approach contributes to broader reach, faster response times, and more efficient campaign management.

4. STRENGTHENING CUSTOMER LOYALTY AND SATISFACTION

The Contact Center actively contributes to:

- retaining existing customers,
- increasing their value through additional services,
- timely resolution of needs and challenges,
- building long-term relationships and trust.

In this way, the Contact Center plays a key role in enhancing overall customer experience and satisfaction.

THE CONTACT CENTER AS A STRATEGIC PILLAR OF BH TELECOM

In 2025, the Contact Center further strengthened its position as:

- the highest-quality customer support service in the market,
- a strong sales channel,
- a key driver of customer experience improvement,
- an important element of the BH Telecom brand reputation.

The combination of high-quality communication, multichannel availability, and a strong sales function makes the Contact Center one of the most significant segments in the company's operations.

SALES CHANNEL FOR BUSINESS CUSTOMERS

During 2025, the B2B segment of BH Telecom achieved significant progress across all key areas of sales, development, and relationships with business customers. A double-digit revenue growth was recorded in the business customer segment, driven by a strong focus on enhancing the portfolio, strengthening strategic partnerships, and expanding the offering of advanced ICT solutions. In cooperation with small, medium, and large enterprises, numerous new contracts were successfully concluded, alongside the renewal and expansion of agreements with strategically important clients.

A notable step forward was achieved through the launch and commercialization of new ICT services, including cloud solutions, security services, and IoT platforms, which further positioned BH Telecom as a reliable partner in the digital transformation of business customers. In parallel with the development of the offering, a comprehensive digitalization of sales processes was implemented. An upgraded CRM system and automated workflows contributed to faster request processing, improved transparency, and more efficient management of sales activities.

Structured Key Account Management (KAM) had a direct impact on increasing ARPU, as well as identifying additional sales opportunities through systematic account planning and regular customer meetings. Complex projects for large enterprise clients were successfully delivered, in line with planned timelines and defined SLA standards. Customer experience was significantly improved by reducing the number of escalations and enabling faster resolution of complaints, thanks to improved collaboration between sales, technical, and after-sales teams. At the same time, continuous development of the sales team was ensured through training focused on ICT solutions and key sales skills, further strengthening overall capabilities and service quality for business customers.

As a result of these activities, BH Telecom increased its market presence in the B2B segment through participation in relevant business events and targeted marketing initiatives. BH Telecom has reaffirmed its position as a leader in providing telecommunications and ICT services to business customers, with a clear strategic focus on innovation and the continuous improvement of customer experience.

LOYALTY PROGRAMS

During 2025, through a series of activities, we sought to improve the customer experience with BH Telecom, both for business and residential customers.

Business customers

The Loyalty Program model for legal entities implemented in 2025, based on the allocation of monetary vouchers according to defined criteria for the purchase of bundled services, aimed to:

1. Protect and retain our most profitable customers and BH Telecom's revenues from competitive pressure, through:
   - increasing the loyalty of existing BH Telecom customers,
   - gaining better customer insights and using customer data to improve business operations.
2. Promote BH Telecom as a company that values customer loyalty,
3. Extend customer lifetime value, achievable through increased customer loyalty,
4. Provide additional value to customers and foster a positive perception of BH Telecom,
5. Increase sales of BH Telecom bundled services.

INTEGRATED MARKET RESEARCH

Market research is an important segment within the broad spectrum of BH Telecom's activities, aimed at strengthening analytical support, improving business decision-making, and enhancing the company's market competitiveness. Key activities during the past year included: continuous market monitoring, ongoing assessment of the quality of retail locations, contact center, and email support (customer interaction quality index), semi-annual comparative analyses of the company, implementation of a wide range of quantitative and qualitative research, segmented market research, targeted studies of technological and market trends, as well as other analyses and surveys that enabled a better understanding of customer needs and perceptions, while providing timely and well-founded decision-making support.

CUSTOMERS OF SERVICES

In the modern telecommunications environment, customers represent the foundation of overall business operations. Their expectations, habits, and needs are constantly evolving under the influence of digital technologies, increased access to information, and growing competition. For a telecommunications company, the customer is more than just an end user - the customer is a partner, a source of insight, and a key indicator of business performance.

Understanding customers, their experience when using services, and the company's ability to deliver reliable, high-quality, and innovative solutions have become the main differentiating factors in the market. Therefore, it is essential to continuously monitor customer needs, improve processes, and develop services that deliver real value. A strong customer focus enables the company to build trust, strengthen loyalty, and ensure sustainable growth and long-term competitive advantage.

CUSTOMERS (in 000)	December 2024	December 2025	%YOY
RESIDENTIAL CUSTOMERS	**1,813**	**1,783**	**-2%**
Moja TV	223	221	-1%
Prepaid Mobile Telephony	1,142	1,081	-5%
Postpaid Mobile Telephony	346	380	10%
Internet Access	57	62	7%
Fixed Telephony	44	39	-11%
BUSINESS CUSTOMERS	**304**	**338**	**11%**
TopTim/IP Centrex	103	105	2%
DATA VPN/M2M/xDSL	127	157	24%
Postpaid Mobile Telephony	43	47	9%
Fixed Telephony	27	25	-6%
Other Business Customers	4	4	-11%
TOTAL	**2,117**	**2,121**	**0.2%**

The BH Telecom customer base totals 2.1 million customers, representing an increase of 0.2% compared to the previous year. The most significant absolute growth was recorded in the postpaid mobile segment, where the number of residential customers increased by 10%, while the base of business customers grew by 9% compared to the previous year.
In addition, the internet customer base recorded substantial growth, with the number of residential internet customers increasing by 7%, while the number of business customers grew by 24%.

RESIDENTIAL CUSTOMERS

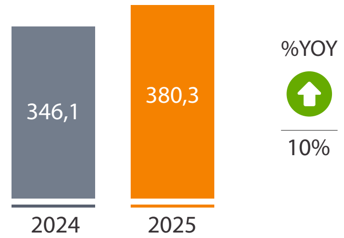
The residential customer base recorded a decline of 2% compared to the previous year, primarily due to pronounced negative trends in the fixed telephony segment. This service is expected to gradually phase out,primacy to more advanced communication technologies. General customer dissatisfaction caused by an uncertain economic and political environment, as well as challenges in the procurement of equipment, led to interruptions in the implementation of promotional and sales campaigns, which significantly affected the inflow of new customers.

The decrease in mobile services is primarily the result of a decline in the prepaid segment. Roaming offers from domestic networks, roaming applications, and changes in customer behavior-where customers increasingly prefer the flexibility and additional benefits associated with postpaid packages-continue to influence the decreasing demand for prepaid services.

We highlight some of the activities implemented in the **prepaid** segment:
- Redesign of prepaid add-ons - Buy&Surf,
- Increase in top-up limits via the m/ICommerce system,
- Modification of benefit allocation conditions for customers topping up via internal channels,
- Introduction of VoLTE for prepaid customers,
- Double GB promotion on Tourist packages,
- Tourist package promotion for SFF,
- Prepaid add-on promotional campaigns,
- SIM to USIM replacement campaigns,
- Redesign of Travel packages - expansion of the list of countries where Travel packages can be used.

We highlight some of the activities implemented in the **postpaid** segment:
- Introduction of multiple activations of Travel NET packages for postpaid customers,
- Redesign of Travel packages - expansion of the list of countries where Travel packages can be used,
- Introduction of a new code in international traffic (Transatel),
- Promotions offering double GB and subscription discounts.

Significant growth was recorded within the postpaid customer base, with the number of residential customers increasing by 10%, i.e., by more than 34,000 customers. This growth was achieved through the further development of Extra packages, redesign of the offering, and the conversion of customers from prepaid to postpaid.



Faster Network, More Possibilities!

With the introduction of the advanced 4G+ network and the modernization of the Extra offering, we have created entirely new postpaid and bundled packages based on a flexible component model. This means we have developed an offering tailored to the individual habits and needs of customers. In addition, our Extra packages provide a wide range of benefits, giving customers complete freedom of choice.

Customers can choose:
- Bonus traffic for even more calls, messages, or mobile data,
- Subscription discounts for lower monthly costs,
- Subsidized devices from our bundled offering,
- Bonus traffic with selected devices from the consignment offer.

Faster internet, more minutes, or more affordable device purchases - Extra packages allow customers to create their ideal combination.

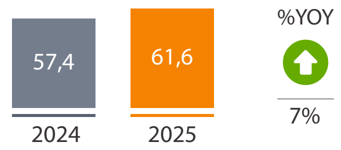
BH Telecom Continues to Lead the High-Speed Internet Market

Despite strong competition, we achieved even greater growth in the high-speed internet segment. By expanding modern fiber infrastructure and launching attractive promotional packages, we delivered solutions that customers have clearly recognized and widely embraced

Result?

A remarkable 7% growth in the number of customers compared to the previous year. This success further confirms that BH Telecom is the first choice for reliable, fast, and advanced internet services.
With us, customers get more - faster connectivity, better packages, and a superior experience.

INTERNET RESIDENTIAL CUSTOMERS (in thousands)



Moja TV - The Most Comprehensive TV Offering in Bosnia and Herzegovina, Now Even More Advanced!

At the end of 2025, the Moja TV service has over 221,000 satisfied customers - another confirmation of the trust that the market continues to place in our TV brand. Moja TV offers the richest selection of TV content on the market, including premium sports, movie, series, documentary, and children's channels. By replacing the IPTV platform, we have enabled a completely new customer experience - faster, simpler, and more modern.

The transition to Android-based solutions brings:
- a more intuitive interface,
- access to streaming applications via Android box,
- activation of additional services directly from the platform,
- transformation of a standard TV into a smart device.

In the past period, we have intensively worked on replacing customer equipment so that an increasing number of customers can experience the benefits of new application-based solutions as soon as possible. At the same time, advanced testing was carried out across all fiber networks, enabling further increases in internet speeds included in Moja TV packages.

A Platform for the Most Important Cultural and Sports Events in Bosnia and Herzegovina

The cooperation between BH Telecom and BHRT, established two years ago, resulted in the acquisition of UEFA media rights for the matches of the Bosnia and Herzegovina national football team for the period 2022-2028, including EURO 2024 and EURO 2028. This has enabled all citizens of Bosnia and Herzegovina to access the most attractive international football competitions during this period.

The signed Memorandum of Cooperation between BH Telecom and BHRT confirms a shared mission: strengthening the availability of key sporting events, promoting football as the most popular sport, and supporting the development of Bosnian athletes and sports as a whole. At the same time, the Memorandum represents strong support from BH Telecom for the work of the Public Broadcasting Service of Bosnia and Herzegovina, its production and program broadcasting-as an expression of our commitment to the country and its citizens.

Year after year, through the Moja TV platform, BH Telecom brings the festival atmosphere of the Sarajevo Film Festival. The company is not only a sponsor but also an active participant in the film and audiovisual industry, creating numerous synergies that have been shaping the cultural landscape of the region for years. Through this cooperation, Moja TV customers have access to exclusive film content and locally produced content.

Continuous Service Improvement and Enhanced Customer Experience

BH Telecom continuously works on service development and adapting its offerings to customer needs. During 2025, numerous promotional campaigns with additional benefits were implemented-from discounts on monthly subscriptions to bonus traffic allowances-significantly contributing to increased customer satisfaction. Within the roaming segment, Travel packages were enhanced by introducing new destinations and increasing data usage limits in roaming, making it easier for customers to use mobile internet abroad. Additionally, the availability of 4G roaming was expanded to 41 new international networks, further improving the experience for customers traveling outside Bosnia and Herzegovina.

BUSINESS CUSTOMERS

BH Telecom Business Solutions Tailored for Every Business

Within the BH Telecom portfolio of services for business customers, we have carefully developed offerings tailored to the needs of companies of various sizes and industries. These include mobile, fixed, internet, and Cloud services, as well as solutions for data transmission, digital transformation, and advanced smart solutions. Our goal is simple: to provide business customers with reliable infrastructure, modern tools, and services that keep pace with the demands of modern business.

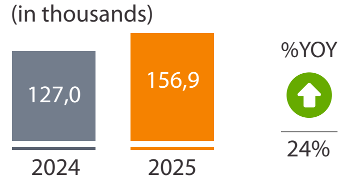
Results Speak for Themselves

The business customer segment recorded an 11% increase in the customer base compared to the same period last year-confirming that companies in Bosnia and Herzegovina recognize the quality and value of our business solutions. BH Telecom remains a committed partner to the business community, with offerings that continue to grow and evolve in line with the needs of modern companies.

Most services within the business customer base recorded an increase in the number of customers at the end of 2025 compared to the previous year. The annual growth in the number of customers in the Internet/data transmission service amounts to 24%.

During 2025, activities to migrate from traditional ISDN-based services to IP-based solutions were continued. Customers who do not have fixed infrastructure were provided with the option to implement the IP Centrex service via the 4G network, as confirmed by the growth in the number of customers using this service.

INTERNET/DATA TRANSMISSION
(in thousands)



Since November 25, 2022, BH Telecom has been the first verified cloud service provider in Bosnia and Herzegovina with the status of "**VMware Cloud Verified.**" This significant achievement was accomplished through the project "Infrastructure for Cloud Services (vSAN)" in cooperation with Verso d.d. Sarajevo.

By joining the world's largest ecosystem of cloud service providers and achieving the "VMware Cloud Verified" status, BH Telecom has extended its offering of modern cloud services to both the public and private sectors in Bosnia and Herzegovina and the region, as well as to all potential clients within the global VMware cloud ecosystem. The cloud/data service enables customers to access a private space within BH Telecom data centers, including the use of virtual servers and virtual networks with leased server resources. Secure and modern cloud services are available to customers in a flexible manner based on the "**Pay As You Grow**" principle, meaning "pay only for what you use."

The annual growth in the number of cloud service customers amounts to 17%, confirming that this is a service whose time is yet to come. Many leading technology experts predict that cloud computing will surpass desktop computing. Cloud virtual services are attractive for numerous reasons: ease of use, instant access, availability of personal information from any connected device, and more.

Demand for Extra packages in postpaid mobile services among business customers recorded significant growth of 9% compared to the previous year. Enhancements to existing services were implemented with the aim of increasing the satisfaction of existing customers as well as attracting new ones. The number of customers using advertising services recorded an average annual growth of 27%.

Activities Undertaken in the Business Segment

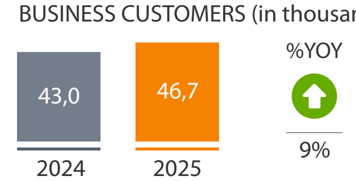
Enhancement of the My WiFi package offering, including a significant increase in internet speeds and the introduction of the new SD-WAN service. Advantages of the BH Telecom offering for business customers, whether small businesses or companies with a larger number of employees, include:

- Flexible solutions - for all services, fully tailored to customer needs and requirements
- Priority support - a dedicated team of managers and agents available 24/7
- Security - the highest level of protection for customer's information and network systems, as well as their data

BH Telecom brings a new dimension to business operations with the Biz izbor service-a perfect combination of speed, reliability, and flexibility. We offer tailored solutions for all types of businesses. With our Biz izbor service, we provide:

- A single bill for all services
- A single point of contact for all your needs
- Free voice communication
- Attractive bonuses in the form of discounts
- Benefits when purchasing devices

POSTPAID MOBILE TELEPHONY
BUSINESS CUSTOMERS (in thousands)



The ultimate goal is to make it easier for business customers to adapt and transition from traditional solutions to services that enable more flexible operations and reduce costs. In this way, BH Telecom aims to contribute to the digitalization of small and medium-sized enterprises in Bosnia and Herzegovina and to their faster adaptation to market changes.

KEY METRICS OF ONGOING OPERATIONS

INCOME STATEMENT (All amounts in BAM thousands)	**2024**	**2025**	**Index**
Operating revenues	548,287	555,989	101
Financial revenues	7,456	10,127	136
TOTAL REVENUES	555,743	566,116	102
Operating expenses	376,137	381,077	101
Depreciation	104,868	105,286	100
Financial expenses	2,528	3,412	135
TOTAL EXPENSES	483,533	489,775	101
PROFIT FROM REGULAR OPERATIONS BEFORE TAX	72,210	76,341	106
Income tax	6,367	6,499	102
NET PROFIT	65,842	69,842	106
BALANCE SHEET (All amounts in BAM thousands)	**31 December 2024**	**31 December 2025**	**Index**
Total non-current assets	829,408	883,731	107
Total non-current assets	444,210	420,825	95
Deferred tax assets	8,392	9,115	109
TOTAL ASSETS	1,282,010	1,313,671	102
Total equity	1,035,569	1,064,618	103
Total long-term liabilities	85,832	93,089	108
Deferred tax liabilities	2,326	3,049	131
Total short-term liabilities	158,284	152,915	97
TOTAL EQUITY AND LIABILITIES	1,282,010	1,313,671	102
CASH FLOW (All amounts in BAM thousands)	**2024**	**2025**	**Index**
Net cash flow from operating activities	169,593	172,784	102
Net cash flow from investing activities	-152,715	-177,841	116
Net cash flow from financial activities	-83,046	-60,360	73
NET CASH INFLOW/OUTFLOW	-66,168	-65,417	99
Cash at the beginning of the reporting period	303,119	236,993	78
Effect of exchange rate changes	42	-24	-57
CASH AND CASH EQUIVALENTS AT PERIOD END	236,993	171,552	72
INVESTMENTS	**2024**	**2025**	**Index**
Investments in fixed assets	78,536	59,874	76
Investments in non-current assets/revenue (%)	14	11	-3 p.p

*The previously presented figures have been taken from the audited financial statements for 2025.

ECONOMIC AND FINANCIAL PERFORMANCE

STATEMENT OF RESULTS ACHIEVED

INCOME STATEMENT (in BAM 000)	**FY 2025**	△YOY	%YOY
OPERATING REVENUES	**460,408**	**9,101**	**2.0%**
Revenue from the sale of retail services	422,688	10,067	2.4%
Residential Customers	356,171	6,916	2.0%
Business Customers	83,760	2,432	3.0%
Wholesale Costs	(17,242)	-720	-4.0%
Effect of Goods Sales	-437	-859	-203.5%
Wholesale Revenue	34,137	-736	-2.1%
Other Operating Income and Adjustments	4,020	629	18.5%
OPERATING EXPENSES	**(296,721)**	**10,875**	**3.8%**
Employee Costs	(159,909)	5,036	3.3%
Other Operating Expenses	(136,812)	5,839	4.5%
Other Business Income	13,393	-3,393	-20.2%
Other Business Expenses	(8,277)	-8,438	-50.5%
EBITDA	**168,804**	**3,271**	**2.0%**
EBITDA al	**153,764**	**937**	**0.6%**
Depreciation Costs	(99,178)	926	0.9%
EBIT	**69,626**	**2,345**	**3.5%**
Financial Income	10,127	2,671	35.8%
Financial Expenses	(3,412)	884	35.0%
PROFIT BEFORE TAX	**76,341**	**4,131**	**5.7%**

Note: Depreciation costs related to the Moja TV content are presented within operating expenses.

BH Telecom concluded the 2025 financial year with a gross profit of BAM 76.3 million, representing an increase of BAM 4.1 million or 6% compared to the previous year.

In highly unstable macroeconomic conditions, characterized by intense competition and increasing regulatory pressure, we achieved a significant growth in total revenue of BAM 10.4 million or 2%.

EBITDA for 2025 amounted to BAM 168.8 million, representing a 2% increase compared to the previous year. This growth was supported by positive commercial momentum and revenue growth in both the residential and business customer segments, as well as by increased revenue from the sale of goods. Through cost optimization, we were able to almost fully offset the impact of inflationary pressures on operating expenses.

The achieved profit margin (gross profit/revenue × 100) amounted to 13.5%, meaning that for every BAM 100 of total revenue, the Company generated BAM 13.5 in gross profit. In the same period of the previous year, this indicator stood at 13.0%.

REVENUE BY BUSINESS SEGMENTS

Total revenue of BH Telecom is generated from the following business segments:retail, wholesale, other operating income, and financial income.

REVENUE BY BUSINESS SEGMENTS

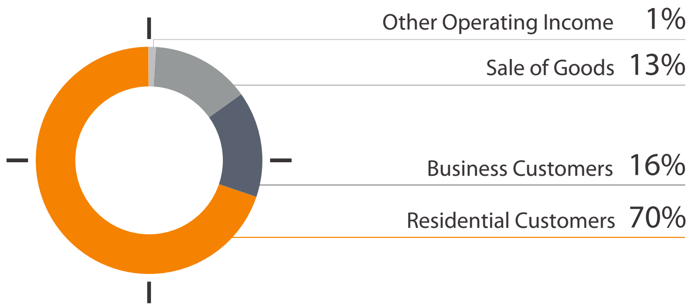
REVENUE BY BUSINESS SEGMENTS (in BAM 000)	FY 25	△YOY	%YOY
Retail Revenue	508,459	11,831	2.4%
Wholesale Revenue	34,137	-736	-2.1%
Other Operating Income	13,393	-3,393	-20.2%
Financial Income	10,127	2,671	35.8%
TOTAL REVENUE	**566,116**	**10,373**	**1.9%**

RETAIL REVENUE

The retail segment accounts for the largest share of BH Telecom's total revenue. Retail revenue includes revenue generated from residential and business customers, revenue from the sale of goods, and other operating income. Retail revenue amounted to BAM 508.5 million, representing the most significant share of total revenue at 89.8%, which is why its performance has a major impact on overall revenue results. The retail segment recorded an increase of BAM 11.8 million or 2% compared to the previous year.

The following factors had a significant impact on retail revenue performance in 2025: an unstable economic and political environment, unfair competition, the adoption of new communication methods, price reductions driven by regulatory requirements and market trends, as well as the implementation of necessary promotional activities aimed at attracting and retaining customers, including lower prices and a higher volume of included traffic

HERE IS THE STRUCTURE OF RETAIL REVENUES

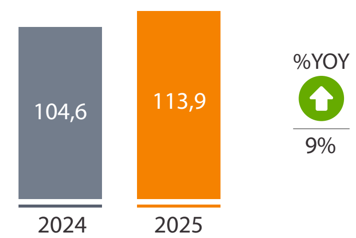


RESIDENTIAL CUSTOMERS

In 2025, revenue generated from the residential customer segment amounted to BAM 356.2 million, representing an increase of BAM 6.9 million or 2% compared to the previous year. We maintained our leading position in the mobile telecommunications market, and our postpaid packages remain the highest-quality offering on the market, as confirmed by the continuous growth of this segment.

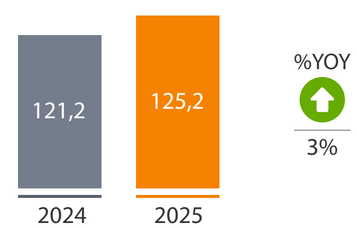
The postpaid segment of mobile telecommunications recorded revenue growth of over BAM 9.0 million, or 9%, compared to 2024. Despite reductions in roaming service prices in retail and the WB6 regulation, which has been accompanied by the continuous allocation of larger volumes of mobile data within the WB6 region-impacting the achieved ARPU (average revenue per customer)-the steady growth in the number of postpaid customers ensured continued profitability growth in this segment.

POSTPAID MOBILE TELEPHONY
RESIDENTIAL CUSTOMERS (million BAM)



During the reporting period, BH Telecom continued to strengthen the position of the Moja TV service as one of the most comprehensive IPTV platforms in the Bosnia and Herzegovina market. The service includes rich television content, additional multimedia services, and a high level of functional flexibility, which has contributed to maintaining a high level of customer satisfaction.
Revenue generated from the Moja TV service in 2025 increased by BAM 4.0 million, or 3%, compared to the previous year.

MOJA TV (million BAM)



Within the residential customer segment, revenue from standalone internet services recorded an annual growth of 9%, driven by the redesign of this service, which led to an increase in the number of customers. Through promotional offers, we enabled customers to choose netFlat standalone internet packages tailored to their needs, along with additional benefits.

BH Telecom's Internet SOLO packages maintained their position throughout the year as an affordable and flexible solution for a wide range of customers. The combination of unlimited internet, competitive speed options, discounts for e-bill users and contractual commitments, as well as the option of access via fixed or mobile networks, contributed to increased customer satisfaction and the expansion of the subscriber base.

INTERNET
RESIDENTIAL CUSTOMERS (million BAM)

BUSINESS CUSTOMERS

During 2025, BH Telecom maintained a strong position in the business customer market through a broad portfolio of telecommunications and ICT services, focused on reliable internet access, digital collaboration tools, and integrated packages tailored to various business segments. The offering was characterized by flexibility, customization options, and the development of services aligned with the growing needs of companies for secure and stable communication infrastructure.
Compared to 2024, the business segment recorded an increase in revenue of BAM 2.4 million, or 3%, in 2025. The total number of business users at the end of 2025 increased by 34 thousand users, or 11%.

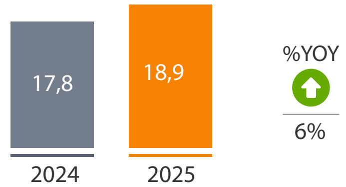
Within this retail segment, there was a migration of TopTim mobile subscriptions to Extra packages and Biz Izbor as the most comprehensive offer on the market, as well as the migration of ISDN connections to IP Centrex.

The annual growth in revenue from business users was supported by an increase in revenue from postpaid mobile telephony, as well as growth in revenue in the Internet/data transmission sub-segments and other revenues from business users.

In the postpaid mobile telephony subsegment, a year-on-year increase of 6% was recorded.

The latest reduction in roaming prices in the EU, effective since September 5, 2023, as well as the WB6 regulation, which is accompanied by the continuous allocation of larger volumes of mobile data in the WB6 region, have limited the revenue growth in the postpaid mobile segment for business users, which would otherwise have been even more significant.

POSTPAID MOBILE TELEPHONY
BUSINESS CUSTOMERS (million BAM)



The offer for business users was further strengthened by digital solutions addressing the growing need of companies for a secure work environment and enhanced productivity. Services during 2025 included:

- Cloud storage for more efficient data management,
- Office 365 for collaboration and productivity,
- Managed communication services, such as professional call center solutions.

In this way, BH Telecom positioned itself not only as a telecommunications operator, but also as a provider of infrastructure for the digital transformation of businesses.

The ICT segment recorded the most significant relative growth, with a year-on-year increase of 13%. Our cloud services offering is becoming increasingly recognized in the market, as confirmed by an annual revenue growth of 19% in this area. This growth was also supported by revenue from system solutions, which recorded an 11% increase, as well as IoT services with a year-on-year growth of 52%.

In the Internet/data transmission subsegment, a year-on-year revenue growth of 6% was recorded, with standalone internet services for business users seeing a 5% increase. The internet offering enabled companies to tailor their connectivity to operational requirements, including the option to activate up to 16 static IP addresses, which is particularly important for businesses using internal servers, VPNs, or advanced security solutions.

INTERNET
BUSINESS CUSTOMERS (million BAM)

Biz Izbor remained a key tool for optimizing business users' costs and an important differentiator compared to other operators.

The BH Telecom offering for business users in 2025 was characterized by:

- Flexible internet solutions covering needs from small enterprises to large systems,
- Service integration through Biz Izbor, reducing operational costs,
- A strong cloud and digital portfolio suitable for modernizing business processes,
- stable pricing and contractual models throughout the year.

In 2025, BH Telecom maintained its position as one of the leading providers of telecommunications and ICT solutions for the business sector, delivering infrastructure and services essential for efficient and secure operations

Revenue from Sold Goods - Assembled Offering

BH Telecom continues to strengthen its goods sales segment through a broad and diverse offering of telecommunications and technology devices. This business segment has become an important strategic pillar of the company, supported by the strong development of online sales channels and attractive promotional campaigns that generate significant customer interest.

Webshop as a Key Sales Channel

The Moj Webshop digital platform has proven to be one of BH Telecom's most successful sales channels:

- An offering of more than 300 devices, services, and solutions available to customers across Bosnia and Herzegovina.
- The ability to subscribe to packages online (Moja TV, Extra, Netflat, Ultra), extend contracts, and activate additional services.
- Integrated payment options-one-time payment or installments over 12/24 months, as well as card payments and cash on delivery.
- The platform is recording continuous growth, reflecting increasing trust and the growing habit of online shopping.

Product Portfolio

BH Telecom's offering covers a wide range of products:

• MOBILE PHONES AND DEVICES - BH Telecom offers devices from leading global brands (Apple, Samsung, Xiaomi, Honor, Realme), including the latest generations such as Samsung Galaxy S26, iPhone 15, and modern mid-range models.

• LAPTOPS AND SMARTWATCHES - The sales segment includes branded laptops (e.g. Lenovo Legion and LOQ), as well as smartwatches (Amazfit, Garmin), forming part of a device portfolio aligned with users' digital lifestyles.

• HOME EQUIPMENT AND HOUSEHOLD APPLIANCES - BH Telecom continuously expands its offering to new categories such as vacuum cleaners, air purifiers, fryers, and even white goods. This diversification confirms a strategic shift towards the

Commercial Campaigns and Sales Stimulation

Throughout the year, numerous promotional campaigns were implemented, significantly contributing to increased sales volume:

- Devices starting from BAM 0.99 per month within MojaTV, Extra, and Netflat packages.
- Devices such as Xiaomi Redmi A5, Honor X6c, or Redmi Note 14 Pro were available at minimal prices with contractual commitments.
- Seasonal campaigns: March promotions, September offers, Black Friday, and special campaigns marking the Company Day.
- These campaigns regularly include discounts on mobile devices, accessories, and smart devices.
- Pre-order campaigns for the latest device generations, such as Samsung Galaxy S25/S26 and the Galaxy Watch series.

These campaigns provide users with significant savings, increased package value, and the opportunity to purchase devices within long-term contractual arrangements.

Strategic Role of Device Sales

The sale of goods is not an isolated segment but an integral part of a broader strategy to strengthen the customer base and the value of telecom services:

- Devices act as an additional incentive for subscription acquisition and contract renewal.
- Cross-sell and up-sell mechanisms are integrated via the webshop (e.g. device + package bundles).
- Digitalization of the purchasing process simplifies the customer journey and reduces operational burdens.

This approach directly contributes to the company's revenue growth, in line with the strong financial results recorded in 2025.

Financial Results

Total revenue from the sale of goods in 2025 amounted to BAM 64.5 million, representing an annual increase of BAM 1.9 million, or 3%. A total of 98,541 devices were sold. The offer includes over 300 devices and services, with special promotional prices and free home delivery anywhere in Bosnia and Herzegovina. In 2025, the highest demand was again recorded for Samsung and Apple devices, accounting for 38% and 29% of total revenue, respectively.

Other Operating Revenues and Adjustments, IFRS 15 - Revenue from Contracts with Customers

Other revenues and adjustments include items related to revenue reductions arising from loyalty programs, calculated effects of IFRS 15 - Contracts with Customers, as well as other revenues. Within the retail segment, other revenues and adjustments mainly relate to leased line services in retail, revenues from NTS, revenues from other telecom services, commission income from the sale of consignment goods, revenues from special-purpose services, and similar items. In 2025, other revenues increased by 19% compared to 2024, primarily as a result of the positive effect of applying IFRS 15 - Contracts with Customers, which increased revenues by approximately BAM 214 thousand.

WHOLESALE REVENUE

Wholesale revenues, which include revenues from international voice services, national voice services, SMS termination, roaming services, cooperation with ISPs (GIA and ZPT services), capacity and infrastructure leasing, as well as other wholesale revenues, decreased by 3% in 2025 compared to wholesale revenues achieved in 2024.

Global trends in international voice traffic in 2025 indicate a continued decline in traffic in fixed networks, which is also evident in BH Telecom's fixed network. The volume of traffic terminating in BH Telecom's mobile network decreased by 6% compared to 2024. The implementation of the RLAH ("roam like at home") principle in the Western Balkans has led to a significant increase in the use of roaming services, resulting in a higher volume of incoming international traffic to the BH Telecom mobile network at significantly lower regulated termination rates. Total revenue from international voice services in 2025 decreased by 17% compared to 2024.

Revenues from national voice services recorded an annual growth of 3%. This growth was supported by an increase in incoming national traffic to BH Telecom's mobile network, while incoming traffic to the fixed network continues to decline in line with global trends of decreasing usage of fixed telephony services.

Revenue generated from SMS termination in the BH Telecom network recorded a year-on-year increase of 1%. Global trends of declining person-to-person (P2P) communication via traditional SMS, due to substitution by OTT messaging services, as well as a reduction in application-to-person (A2P) traffic due to the adoption of alternative authentication methods (WhatsApp, Viber, and Flash calls), remain present.

International roaming in 2025 continued to show growth in the use of voice and data services, while SMS usage declined. Revenues generated from roaming increased by 10% compared to 2024 and are the result of an appropriate pricing policy and continuous cooperation with partners. A significant contribution to the overall growth in traffic volumes comes from the application of the RLAH principle in the Western Balkans, as well as the positioning of the BH Telecom network as a preferred network for eSIM providers.

In 2025, revenues from cooperation with ISPs increased by 7% compared to 2024, despite a highly competitive market characterized by often unjustifiably low prices from competitors, as well as a reduced market potential due to the acquisition of a large number of ISPs by major operators.

Total revenues from capacity and infrastructure leasing services, as well as other wholesale services, recorded a 4% increase in 2025 compared to 2024. During 2025, a trend of growing demand for data and capacity services by global operators for business users in Bosnia and Herzegovina was observed.

OTHER OPERATING AND FINANCIAL REVENUES

- Other operating revenues in 2025 recorded a decline of 20% compared to the previous year, due to a change in the method of recording the effects of IFRS 9, in accordance with the external auditor's request. Specifically, in June 2025, a reclassification was made of a portion of IFRS 9 effects which, in the previous period, had been recorded under revenue from collected written-off receivables to account group 686 - Gains from the valuation of short-term financial assets. This reclassification resulted in a lower amount of revenue from collected written-off receivables, but also a lower amount of IFRS 9 effects on the expense side. The overall impact on the financial result is neutral.

- Financial revenues recorded a year-on-year increase of 36%, largely supported by a 31% increase in interest income on term deposits. The increase in interest income on term deposits is the result of active management, including intensive negotiations with banks to secure higher interest rates, transferring available funds to flexi deposit accounts with Raiffeisen Bank, continuous reallocation of funds to banks offering higher interest rates, as well as the application of a positive interest rate on EUR-denominated funds held with Citibank.

REALIZED EXPENSES

Total expenses in 2025 amounted to BAM 489.8 million, which is BAM 6.2 million or 1.5% higher compared to expenses recorded in 2024, when they totaled BAM 483.5 million.

EXPENSES BY TYPE (in BAM 000)	FY 25	△YOY	%YOY
Operating expenses	387,185	4,431	1.2%
Depreciation expenses	99,178	926	0.9%
Financial expenses	3,412	884	35.0%
TOTAL EXPENSES	**489,775**	**6,241**	**1.5%**

Note: Depreciation expenses do not include costs from previous years or amortization of broadcasted content for Moja TV,

OPERATING EXPENSES

Material Expenses

They include: costs of raw materials and supplies, energy and fuel costs, spare parts costs, write-off of small inventory, packaging and tires, as well as costs arising from price variances. Material costs for 2025 were 15% higher compared to material costs recorded in 2024.

- Electricity costs account for the largest share within this cost group, amounting to BAM 11.5 million or 68%. These costs increased by BAM 2.3 million, or 25%, compared to the previous year. Since August 2024, BH Telecom has lost its status as a "small customer" under the new Electricity Law, which required all metering points with EP BiH and EP HZHB to transition from public supply to market supply. As a result, the total contract value for all metering points (90% of BH Telecom's facilities) increased by approximately 12% based on the assumed and contracted electricity volumes. Additionally, the new contract for these facilities in 2025 further increased the total price by approximately 1.56%.

The increase in electricity costs was also influenced by the deployment of new telecom facilities. During 2025, 131 new RAN locations were installed, bringing the total network footprint to 1,738 locations. Capacity was expanded at 424 locations and network optimization was carried out at 237 locations. In addition, the capacity of the mobile packet core was expanded to 80 Gb/s to support the growth of mobile internet and VoLTE users. Average 4G speeds increased by 38.7%, while total traffic grew by 30% compared to 2024. More powerful RRU devices (three times stronger) were procured to address capacity issues. Capacity expansion and reconfiguration required additional electricity consumption.

The Disaster Recovery Center, commissioned at the end of 2023, only began to be more extensively equipped during 2025, with backup systems installed that also require additional electricity consumption.

Assigning higher mobile data allowances to users increases traffic but also contributes to additional electricity consumption. Furthermore, in the territory of Republika Srpska, the Company was required to transfer all its own metering points from public supply to market supply, which resulted in an increase of approximately 25% in each electricity bill.

- Through the implementation of the Paperless Office initiative, costs of office and other materials were reduced by 19%, contributing to annual savings of approximately BAM 225 thousand. Within material costs, savings were also achieved in expenses related to securities, raw materials and maintenance supplies, fuel consumption for transport vehicles, as well as tire write-offs.

Cost of Salaries and Other Compensation of Employees and Other individuals

They include the following costs: salaries, salary compensations, employee business travel, other employee benefits, allowances and material rights (meal allowance, transportation to work, annual leave allowance, severance payments, fees for conferences, seminars, tuition, assistance), compensation for board members (Supervisory Board and Audit Committee), as well as compensation paid to other individuals. Costs of salaries and other compensation of employees and other individuals in 2025 amounted to BAM 152.8 million, representing an increase of BAM 4.8 million, or 3%, compared to 2024.

- Gross salary expenses increased by BAM 1.8 million, or 2%. As of January 2025, salaries were adjusted in line with the increase in the cost of living, in accordance with amendments to the Labour Rulebook, resulting in a 5.1% increase in the gross base coefficient for salary calculation.

- Within this category, other employee benefits increased by BAM 2.8 million, or 8%, which largely defined the annual trend of this cost group. These costs include meal allowances, transportation allowances, vacation allowances, retirement severance payments, childbirth benefits, etc. In 2025, in accordance with amendments to the Government Regulation on employee assistance payments, employers were allowed to pay employees a non-taxable monthly amount of up to BAM 400 as financial assistance until the end of 2025. Costs on this basis in 2025 amounted to BAM 4.7 million, contributing to an increase in other employee benefits by BAM 409 thousand, or 10%.

Additionally, the increase in the average net salary in the Federation of BiH led to higher costs of other salary-related items calculated as a percentage of net salary (meal allowance, vacation allowance, etc.). Meal allowance costs increased by BAM 1.4 million, or 12%, vacation allowance costs increased by BAM 159 thousand, or 8%, while allocations for BH Telecom Day increased by BAM 638 thousand, or 71%.

- Costs related to other engaged individuals, including board members, recorded a year-on-year increase of BAM 176 thousand, or 39%. Compensation costs for board and committee members amounted to BAM 340 thousand, which is BAM 34 thousand, or 11%, higher compared to 2024. This category includes compensation to Supervisory Board members, as well as related taxes and contributions, which, in accordance with the Corporate Governance Code, are presented in the following table:

DESCRIPTION	Supervisory Board Members
Compensation	191,179
State Duties (Taxes/Contribution)	45,281
TOTAL (in BAM)	**236,460**

In accordance with the Corporate Governance Code, the Company is required to disclose the compensation of Management Board members, which is presented in the following table for the year 2025:

MANAGEMENT BOARD COMPENSATION (Total costs to the Company, including net compenasation and all statutory contribution)	2025
Salaries	1,197,078
Meal allowance	36,092
Severe illness support	3,500
Annual leave allowance	4,949
Bonus for Company Day celebration	3,312
One-time assistance	11,200
Benefits - goods and services (gross value)	7,832
Bonus for exceptional business performance	32,039
Cash bonus and incentives	61
TOTAL (in BAM)	**1,296,064**

Costs of Received Services

Costs of services received include production-related expenses such as: equipment maintenance services, hardware and software maintenance, maintenance of buildings and access networks, technical facility protection and lawful interception services, leasing of business premises and telecom equipment, as well as advertising, co-production, fairs, and market research costs.

In addition, this cost category also includes certain non-material costs such as brokerage services in securities trading, utility and cleaning services, healthcare services, legal services, audit services, and consulting services.

Costs under this category amounted to BAM 47.8 million, which is BAM 4.6 million or 11% higher compared to 2024.

- Legal service costs in 2025 increased by BAM 1.3 million compared to 2024.
- Advertising service costs recorded an increase of BAM 1.1 million, or 18%.
- Outsourced labor costs amounted to BAM 4.0 million, representing an increase of BAM 1.6 million, or 66%, compared to the same period in 2024. These costs relate entirely to labor required for Contact Center operations. The increase in these costs compared to the same period in 2024 is primarily the result of higher hourly rates for outsourced labor. The average cost of labor engagement in 2025 was higher by BAM 4.35, or 44%, compared to 2024. Additionally, the average cost of night work (including work during public holidays) increased by BAM 6.11, or 50%, while the average cost of work on public holidays increased by BAM 5.64, or 43%. The number of regular working hours in 2025 increased by 32,731 hours, or 14%, while the number of night work and public holiday working hours increased by 1,481 hours, or 88%. The cost of night work and work on public holidays increased by approximately BAM 39 thousand, or 141%. In addition, during 2025, vehicle rental costs of approximately BAM 77 thousand were recorded within this category, which was not the case in 2024.
- Maintenance costs (access networks, equipment, hardware and software, and technical protection) increased by BAM 498 thousand, or 3%, which largely determined the overall trend of this cost group. This increase was mainly driven by higher maintenance costs of the LTE network, as a software upgrade to the latest version had been performed in the previous year.

Cost of Goods Sold

This refers to the procurement costs of terminal equipment and telephone devices for the provision of bundled (assembled) services in fixed and mobile networks. The cost of goods sold in 2025 amounted to BAM 64.9 million, which is an increase of BAM 2.7 million, or 4%, compared to 2024.

Other Operating Expenses

In 2025, savings of BAM 1.1 million, or 1%, were achieved under other operating expenses compared to the previous year. Within this category, optimization of costs related to content acquisition for the Moja TV service and co-production of proprietary content, delivery and printing of telecom bills, insurance of assets and vehicles, fees for company signage and court fees, as well as a decline in wholesale costs, resulted in total savings of over BAM 3.0 million.

However, on the other hand, increases in costs in areas beyond the Company's control or with limited ability to influence reduced the overall effect of these savings.

- Other non-material costs increased by BAM 379 thousand, or 20%.
- Within other operating expenses, higher allocations were recorded for banking services, which increased by 27% year-on-year. The largest portion of this increase relates to higher fees for webshop/card payments, with costs on this basis rising by approximately BAM 222 thousand, or 27% in 2025 compared to the previous year.
- Fees paid to the Communications Regulatory Agency amounted to BAM 12.0 million, representing an increase of BAM 212 thousand, or 2%, compared to 2024. The growth in revenue during 2024 resulted in higher costs related to the Company's license fees for telecommunications activities.
- Expenses related to corporate income tax and withholding tax increased by BAM 226 thousand, or 247%.
- Fees for the use of rights increased by BAM 180 thousand, or 33%, due to higher licensing costs. These licensing costs mainly relate to licenses for partner programs and ICT solutions.

Within other operating expenses, losses from non-current non-financial assets, losses from financial assets, provisions (net), shortages, and other negative inventory adjustments are also reported. Expenses recorded under this category were lower by BAM 7.6 million, or 43%, compared to 2024.

DEPRECIATION EXPENSES

Total depreciation and amortization costs, including depreciation under IFRS 16 (right-of-use assets), amounted to BAM 99.2 million, recording an increase of BAM 926 thousand, or 1%, compared to the previous year. Depreciation and amortization of tangible and intangible assets amounted to BAM 84.1 million, representing a decrease of 2% compared to 2024. Depreciation under IAS 16 and IFRS 16 for 2025 amounted to BAM 15.0 million, which is 18% higher compared to 2024.

According to accounting records, part of the costs related to the acquisition of content for the Moja TV service, from the position Moja TV - acquisition of rights and distribution of TV channels and content, was recognized as non-current assets - intangible assets of the Company in the amount of BAM 6.1 million, based on concluded content acquisition agreements and in accordance with IAS 38 - Intangible Assets. Accordingly, depreciation expense for this asset was calculated and recorded for the entire year 2025 in the total amount of BAM 6.1 million.

For the purposes of preparing this business report, the aforementioned depreciation cost has been presented within content acquisition costs (Moja TV - acquisition of rights and distribution of TV channels and content), given that these costs were both amortized and paid within the same year.

FINANCIAL EXPENSES

They include: penalty interest, interest related to IFRS 16 effects, interest on the discounting of 4G network licenses, foreign exchange differences, and other financial expenses.

Financial expenses for 2025 amounted to BAM 3.4 million, representing an increase of 35% compared to the previous year. The amount of interest arising from the discounting of 4G network licenses, as well as negative foreign exchange differences, largely determined the upward trend in financial expenses.

STATEMENT OF FINANCIAL POSITION

BALANCE SHEET (in BAM 000)	31 December 2025	△YOY	%YOY
TOTAL ASSETS	**1,313,671**	**31,660**	**2.5%**
Non-current assets	883,731	54,323	6.5%
Current assets	429,940	-22,663	-5.0%
TOTAL LIABILITIES AND EQUITY	**1,313,671**	**31,660**	**2.5%**
Equity	1,064,618	29,049	2.8%
Non-current liabilities	93,089	7,257	8.5%
Current liabilities	155,964	-4,647	-2.9%

The total value of assets as of December 31, 2025 amounted to BAM 1.314 billion, representing an increase of BAM 31.7 million, or 2.5%, compared to the balance as of December 31, 2024.

Non-current assets amounted to BAM 883.7 million and increased by 6.5%, or BAM 54.3 million, compared to the end of 2024. The share of non-current assets in total assets rose to 67% (2024: 65%). The most significant increase was recorded in long-term financial assets, amounting to BAM 71.4 million, or 83%, driven by an increase in long-term deposits.

Current assets decreased by 5% compared to December 31, 2024, primarily due to a significant decline in cash and cash equivalents of BAM 65.0 million, or 28%. On the other hand, trade receivables increased by BAM 3.7 million, or 3%. The value of short-term financial investments increased by BAM 36.8 million, or 81%.

The value of equity increased to BAM 1,064.6 million, representing a growth of 3%, or BAM 29.0 million, compared to the end of the previous year, and accounted for 81% of the Company's total assets. The increase in equity is the result of growth in retained earnings as well as profit for the current period.

In the financing structure, the share of long-term liabilities increased to 7.1%, compared to 6.7% at the end of the previous year, while the value of short-term liabilities decreased by 3%, amounting to approximately BAM 156.0 million as of December 31, 2025.

The table providen an overview of the key financial position indicators achieved:

FINANCIAL POSITION INDICATORS	2025	% YoY
Liquidity Indicators		
Current Ratio (%)	276	-6 p.p
Quick Ratio (%)	110	-38 p.p
Financial Stability Ratio (%)	76	2 p.p
Indebtedness Indicators		
Debt Ratio (%)	19	0 p.p
Equity Ratio (%)	81	0 p.p
Debt-to-Equity Ratio (%)	23	0 p.p

The calculated indicators point to a high level of the Company's liquidity, despite a decline in some indicators observed during the reporting period compared to the previous year. As of December 31, 2025, for every BAM 1 of short-term liabilities, the Company had nearly three times more current assets, and 1.1 times more cash. Due to the decrease in the balance of cash and cash equivalents, the values of these indicators declined by 38 percentage points and 6 percentage points, respectively, compared to December 31, 2024.

Leverage indicators show a very low level of indebtedness of the Company, with no significant change during the reporting year. The equity financing ratio remains at a very high level. BH Telecom possesses strong financial and investment potential, as well as a very high level of operational security stemming from its financial stability.

CASH FLOW STATEMENT

CASH FLOW STATEMENT (in BAM 000)	FY 2025	△YOY	%YOY
CASH AND CASH EQUIVALENTS AT YEAR-END	**171,552**	**-65,441**	**-27.6%**
Net cash inflow from operating activities	172,784	3,191	1.9%
Net cash outflow from investing activities	(177,841)	25,126	16.5%
Net cash outflow from financing activities	(60,360)	-22,686	-27.3%
Net increase /decrease) in cash and cash equivalents	(65,417)	-751	-1.1%
Cash and cash equivalents at beginning of period	236,993	-66,126	-21.8%
Effects of exchange rate changes	-24	-66	-157.1%

During the reporting period, there was a 2% increase in net cash inflows from operating activities compared to the previous year, which, together with significantly higher net cash outflows from investing activities, resulted in a negative net cash flow for 2025.

Cash and cash equivalents at the end of 2025 amounted to BAM 171.6 million, which is BAM 65.4 million, or 28%, lower compared to the closing cash balance of the previous year. In addition to this amount, the Company held long-term financial placements as of December 31, 2025 in the amount of BAM 158.0 million, as well as short-term financial placements of BAM 82.3 million, resulting in total cash funds of approximately BAM 412.0 million, which represents an increase of BAM 40.0 million compared to the total cash funds in the previous year.

The reported values of financial assets indicate a high level of the Company's financial stability, as well as a low level of indebtedness. Accordingly, cash outflows from financing activities recorded in 2025 relate to dividend payments to shareholders in the amount of BAM 44.5 million and payments of liabilities arising from finance leases in accordance with IFRS 16 in the amount of BAM 15.8 million.

REALIZED CAPITAL INVESTMENTS

Total capital investments realized by BH Telecom in 2025 amount to BAM 59.9 million.

AN OVERVIEW OF INVESTMENTS BY TYPE IS PRESENTED BELOW:

CAPITAL INVESTMENTS (in 000 BAM)	2024	2025	% Change
BH TELECOM			
Investments in fixed telephone services	18,871	20,012	6.0%
Investments in equipment for providing fixed broadband services	35,277	4,612	-86.9%
Investments in equipment and network for providing mobile services	20,335	14,661	-27.9%
Other investments	4,053	20,588	508.0%
TOTAL	**78,536**	**59,873**	**-23.7%**

Investments in the Fixed Network and Upgrade Activities

In 2025, procurement procedures were prepared and initiated for the construction of FTTH networks in the Una-Sana Canton, Tuzla Canton, and Zenica-Doboj Canton, covering 38,000 homes passed (HP - residential and business units), while activities were launched to prepare the necessary documentation for an additional 24,000 HP in Sarajevo Canton, Herzegovina-Neretva Canton, and Brčko District. In addition, through a series of individual procedures, the process of building FTTH networks for more than 20,000 HP was initiated.

In 2025, a total of 11,503 optical fibers were constructed. The most significant optical networks that were built or are under construction include: Bugojno, Lukavac, Ključ, Otoka (Sarajevo), Šehovina, Dolac Malta, Rujnica, Janjići, Lipnica, and others.

The project of replacing and modernizing active fixed network equipment (VDSL and GPON - optical technology) continued, along with capacity expansion, which will also include the replacement of part of the customer terminal equipment in order to significantly increase the capacity of the fixed access network for broadband Internet and IPTV services. Procurement is underway for 10G PON FTTH equipment with a total capacity of 48,000 ports, as well as 33,300 VDSL ports.

During 2025, the migration project from TDM to IMS continued, along with the migration of interconnection capacities to SIP/IP. IMS and IP Centrex were expanded with a sufficient number of licenses. A total of 9,190 POTS users, 388 ISDN BA users, and 127 PBX users were migrated, with the completion of this activity planned for Q2 2026. Following the migration, all associated TDM core network elements will be decommissioned, leading to expected reductions in electricity costs, external maintenance costs, and freeing up space in server rooms.

A total of 12,300 users were migrated from ADSL2+ to VDSL2. On optical ports, 39,905 users are active, which is 5,376 more than in 2024. A total of 240 third-party 10G SFP transceivers were procured for Nokia access devices, enabling the expansion of uplink capacity on these devices. In 2025, uplink capacity was increased from 1 Gbps to 10 Gbps on 134 access devices.

Procurement was initiated for 2,230 third-party cSFPs for 4,460 user ports, which will enable users to achieve speeds of up to 1 Gbps. The necessary software (licenses and functionalities) was procured, and modifications were made to the BBA platform, enabling the use of third-party ONT user devices. This resolved the "vendor lock-in" issue, which previously required the use of ONT devices only from the same vendor as the OLT.

A detailed analysis identified 8,620 users for migration from copper to optical networks, and an initiative was launched with other organizational units to implement this migration. The Dynamic Port Mapping functionality was put into production on three types of user devices currently installed with 39,000 users, increasing the level of service activation automation and expected to reduce the number of service faults.

BH Telecom continuously builds broadband optical networks in FTTH (fiber-to-the-home) and FTTC (fiber-to-the-cabinet-within 300 meters of residential units) configurations. The annual growth in the total number of users on FTTH networks amounts to 15.5%. In April 2025, a promotional campaign was conducted for migration and acquisition of users to BH Telecom's optical networks, offering 500 Mbps download speeds.

To ensure that access speeds are supported end-to-end-from the user to the network core and towards international nodes-the transport network is continuously expanding geographically, in capacity, and functionally within the DWDM network segment, IP/MPLS networks (fronthaul and backhaul), as well as radio relay links. Projects for expanding transport networks have been contracted and initiated, enabling them to support increasingly demanding services and the upcoming 5G network.

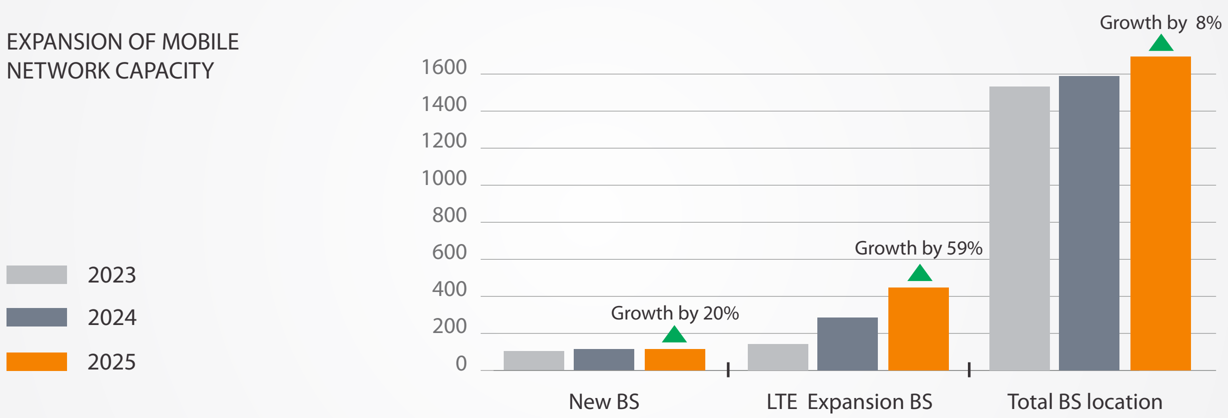
Investments in the Mobile Network

During 2025, projects related to the further expansion of the mobile radio access network were implemented, both in terms of geographic coverage and capacity. In this regard, through the implementation of new base station projects, 138 new locations were put into operation, while 436 RAN locations were upgraded, enabling high-quality service delivery across both new and existing coverage areas. In addition, through the expansion of LTE capacity at existing base stations-by introducing additional sectors and LTE cells in new 2100/2600 MHz frequency bands-a timely response was provided to the continuously increasing user demand for mobile data traffic.

The total number of RAN locations at the end of 2025 amounted to 1,745. The average user speed on the LTE network in 2025 was 13.15 Mbps, compared to 9.53 Mbps in 2024, representing a speed increase of 38%. The gradual shutdown of 3G technology is underway, with spectrum being reallocated to 4G technology to enable higher access speeds. In consultation with the Communications Regulatory Agency, the further timeline for the shutdown of 3G technology will be defined.

A new RFI process for 5G technology has been conducted, and a new techno-economic analysis of the solution is being prepared. According to the previously submitted Draft Framework Broadband Access Strategy (Council of Ministers of Bosnia and Herzegovina), the allocation of 5G licenses is planned for the end of 2026, with 5G implementation expected during 2027.

It is necessary to initiate, in a timely manner, the procurement of 5G functionalities across multiple network segments. Activities related to the implementation of 5G trial projects with two vendors have already been initiated.



A total of 138 new RAN locations were implemented, bringing the total to 1,745 by the end of 2025.

The average LTE speed per user was 13.15 Mbps, representing a year-on-year increase of 38%

Shutdown of 3G technology at 848 locations and intensifications of 5G activities

Other Capital Investments

In 2025, 144 new radio relay links were installed for base stations, business users, and FTTx access networks. A total of 59 optical connection routes to base stations were constructed. Additionally, 11 new U-PE devices were installed and put into operation, capacities towards access devices were expanded through the establishment of 115 new 10G links, the capacity of 100G links at the N-PE layer was increased, and link expansion was carried out on BNG devices.

At 45 locations, next-generation multiservice switches were installed-replacing unsupported and non-maintained optical modems, while cascading connections were replaced with direct connections to the IP network.

The implementation of the SD-WAN platform in the BH Telecom network has been completed, enabling the expansion of the portfolio of closed private network services and the range of virtual services.

The modernization of the mobile core network was carried out through the expansion of EPC capacity to 80 Gb/s and the upgrade of the pCRF system, enabling improved mobile internet performance and more granular quality-of-service management. At the same time, intensive preparations have been initiated for the introduction of a 5G Core architecture.

Through the development of a microservices architecture and the implementation of 36 new services on the OCS and EPC/PCRF systems, BH Telecom has increased flexibility in defining tariffs and services and enabled faster time-to-market for new products. This provides users with more efficient management of their service packages, faster activation, and more stable operation of additional options.

A procurement process has been launched for the replacement of obsolete equipment and modernization of power supply systems. This procurement includes 5,920 battery blocks, 91 power supply systems, as well as rectifier modules and controllers, with the aim of modernizing a total of 171 power systems. Negotiations with suppliers are currently underway for the procurement of 9 UPS systems and 640 battery blocks at six locations. In parallel, procurement is ongoing for 159 air conditioning systems for 149 facilities.

Following the completion of the first photovoltaic power plant project at BH Telecom on the rooftop of a business building in Mostar (capacity 41 kWp), a series of additional activities in energy efficiency and renewable energy have been carried out. The implementation of 20 photovoltaic plants at base stations has been completed, achieving average savings in grid electricity consumption of approximately 12% per location.

Additionally, three photovoltaic power plants were implemented at the Franca Lehara facility, TKC Dolac Malta, and TKC Bihać, achieving savings of approximately 5% at Franca Lehara and TKC Bihać, and around 1.5% at TKC Dolac Malta. The first hybrid system has been commissioned at the Mliništa base station, combining a diesel-electric generator, battery, and photovoltaic system (DEA + battery + PV). Work is currently underway on the construction of a photovoltaic power plant at the TKC Ilidža facility, while the PV project at the Azići warehouse is in the phase of resolving property-related issues.

At the same time, contracts are being finalized for the procurement of photovoltaic systems at 40 base stations, as well as at the Slimena and Šićki Brod warehouses. Technical documentation is also being prepared for the implementation of photovoltaic systems at FTTC facilities.

In 2025, an additional 79 WLAN access points were deployed for the MyWiFi service, bringing the total number to 1,494 APs. A total traffic volume of 599.11 TB was generated, with 646,819 client connections recorded within the WLAN network segment.

Replacement of equipment and modernization of power supply and air conditioning systems in facilities

Implementation of photovoltaic systems at 40 base stations and 4 business facilities

An additional 79 WLAN APs were deployed, bringing the total to 1,494 APs, generating 599 TB of traffic

Internal Development Projects

Continuous work and development of mobile and web applications on the Moj BH Telecom platform continued. The Moj BH Telecom application enables the payment of all BH Telecom bills, and a 50% increase in the number of paid invoices was recorded through the digital payment channel.

Annual transaction volume through the Moj BH Telecom application exceeded BAM 72.0 million, representing an increase of BAM 21 million compared to 2024. A socially responsible educational project, "Little Engineers," was launched in 10 primary schools, aimed at strengthening STEM competencies among young people.

DONATIONS TO THE COMMUNITY

23.0 million BAM

3.6 thousand

SUPPORTED PROJECTS, EVENTS, AND COMMUNITY INITIATIVES

04 CSR AND SUSTAINABILITY

SPONSORSHIPS

BH Telecom strives to actively and continuously contribute to the development of value systems and the advancement of society in Bosnia and Herzegovina, particularly in the fields of sports, science, culture, education, and the promotion of creativity, innovation, and digital literacy. Through initiating, recognizing, and financially supporting various initiatives, projects, organizations, and institutions, the company reaffirms its commitment to the community and to improving the quality of life in the country.

As a socially responsible company, BH Telecom approaches sponsorships strategically, recognizing their importance in creating long-term value for the community and society as a whole. This strategic approach carefully selected sponsorship activities aligned with the principles of sustainable and responsible business.

BH Telecom does not limit itself only to projects proposed to the company, but actively initiates them, particularly humanitarian projects and those aimed at children and young people, in order to ensure easier and healthier upbringing, proper development, and a supportive environment.

Projects are implemented independently or in cooperation with relevant institutions at the state, entity, cantonal, and local levels. The company firmly believes in the power of strategic partnerships and systematically works on their long-term strengthening.

SPORTS

FOOTBALL CLUBS


Lana Pudar


Elvedina Muzaferija

CULTURE

Sarajevo Film Festival 15-22 August 2025

KAMERNI TEATAR 55 SARAJEVO

NARODNO POZORIŠTE SARAJEVO

BH Telecom considers corporate responsibility and philanthropy as fundamental components of its business philosophy and mission. Since its establishment, the company has made a significant contribution to the development of sports, science, education, culture and the arts, social security, as well as environmental protection. Special attention is also directed toward initiatives that promote digital literacy and innovation. For more than 30 years, the company has strived to be a reliable partner to the community in which it operates.

Carefully selected partnerships have contributed to strengthening relationships with customers and local communities, enhancing brand recognition, and achieving strong communication effects. Through these partnerships, BH Telecom has further reinforced its connection with the environment in which it operates, while affirming its role as a leader in corporate social responsibility.

During 2025, the company remained a proud partner and supporter of numerous projects and institutions, including the Sarajevo Film Festival through the "My Sarajevo, My Story" campaign, Basketball Club Bosna, sports federations of Bosnia and Herzegovina, football clubs Sarajevo, Željezničar, Velež and Sloboda, as well as top athletes Elvedina Muzaferija and Lana Pudar. Key cultural institutions such as the National Theatre Sarajevo and the Kamerni Teatar 55 were also supported.
Significant funds were also invested in supporting national teams and sports clubs across various disciplines, including sitting volleyball, swimming (PK Spid - Ismail Barlov), tennis, handball, athletics, basketball, volleyball, skating, skiing, hockey, taekwondo, boxing, judo, karate, equestrian sports, and many others.

The supported projects achieved broad social reach and recognition, further confirming the value of investing in initiatives that contribute to community development and strengthening social cohesion.

DONATIONS

BH Telecom's donation activities over the past decade represent a strong indicator of its commitment to social progress and the creation of a prosperous and sustainable environment for all citizens of Bosnia and Herzegovina. Through targeted investments in the most important areas of social life, transparent allocation processes, and readiness to respond in crisis situations, BH Telecom has confirmed its position as a responsible leader and a key partner to the community.

In the period from 2014 to 2025, BH Telecom consistently reinforced its role as one of the most significant and reliable donors in Bosnia and Herzegovina. Through an institutionalized model of allocating 1% of annual profits to socially beneficial programs, the company has maintained continuous investment, achieving a remarkable positive impact across various sectors of society, including education, healthcare, culture, sports, social welfare, and emergency humanitarian interventions. The total value of donations by 2025 reached BAM 23.3 million, confirming BH Telecom as the largest single donor in the country.

Social Impact and Strategic Focus of Donations

The company's donation activities are based on clearly defined criteria and transparent public call procedures, further strengthening community trust and reinforcing BH Telecom's position as a responsible and reliable partner in social development. Donations are systematically directed toward sectors of highest public interest:

- **Education**: Through multi-year programs for the procurement of IT equipment, BH Telecom has equipped 490 schools, donated 2,450 computers and 980 multifunctional devices, significantly enhancing the digital infrastructure of educational institutions across Bosnia and Herzegovina.
- **Healthcare**: In crisis years, particularly during the COVID-19 pandemic, the company donated BAM 1,000,000 to hospitals for the procurement of ventilators, medical equipment, and patient care, making a key contribution to the stability of the healthcare system.
- **Humanitarian and Social Support**: Through ongoing donations to public kitchens, associations of persons with disabilities, social welfare institutions, and organizations supporting children with developmental difficulties, BH Telecom contributes to improving the quality of life of the most vulnerable groups in society.

Response in Emergency Situations

The company has demonstrated a high level of social responsibility in times of crisis. In 2014, when Bosnia and Herzegovina was affected by catastrophic floods, BH Telecom donated BAM 1,191,800 for recovery efforts, of which BAM 1,000,000 was allocated to the Federal Relief Fund for affected areas. Similarly, in 2023, following the devastating earthquake in Turkey and Syria, the company allocated BAM 150,000 as emergency aid through the Pomozi.ba Association.

Transparency and Public Accountability

Public calls for donation allocation, along with lists of beneficiaries, donation amounts, and purposes, are regularly published in the Official Gazette of the Federation of Bosnia and Herzegovina and on the company's website, ensuring a high level of transparency and responsible management of public-interest funds. Through this approach, BH Telecom has further strengthened its reputation as a socially responsible company, fully aligned with legal regulations and best practices in corporate governance.

RESPONIBILITY TOWARD CUSTOMERS

Through responsible management, a customer-first approach, the implementation of new technologies, and sound business decisions, we have succeeded in maintaining our position as the leading provider of telecommunications services in Bosnia and Herzegovina, even in a highly competitive market environment.

BH Telecom fundamentally places the customer at the center of its operations, as confirmed by the Quality Management System (QMS) compliance certificate with the requirements of the international ISO 9001:2015 standard. At the same time, particular attention is given to information security, especially in processes related to the provision of IT and Cloud services and the protection of users' personal data, as evidenced by the Information Security Management System certification in accordance with ISO/IEC 27001:2022.

TÜVNORD

Certifikat

Za sistem upravljanja prema
ISO/IEC 27001 : 2022

BH TELECOM d.d.
Franca Lehara 7
71000 Sarajevo
Bosna i Hercegovina

s lokacijama navedenim u aneksu

Područje certifikacije:

Pružanje telekomunikacijskih usluga putem fiksnih i mobilnih mreža uključujući internet pristup, IPTV, cloud usluge i hosting. Prema Izjavi o primjenjivosti (SoA), ver. 4, datum 31.01.2024.

TÜV NORD CERT GmbH
Am TÜV 1, 45307 Essen
www.tuev-nord-cert.com

Our commitment to high information security standards is further reflected in the implementation of next-generation firewall solutions (Next Generation Firewall) for the protection of internal systems and public cloud users, ensuring that BH Telecom's data and network remain secure at all times.

BH Telecom embraces a modern business philosophy based on the principles of customer relationship management (CRM). From an initial mass marketing approach, through segmentation marketing, the focus has evolved toward the individual customer as an active partner in developing mutual relationships. The creation of offers and promotional campaigns is therefore directed toward the needs and preferences of both residential and business users. Tailoring offers to customer needs primarily aims at retaining existing users, while also attracting new ones.

Accordingly, BH Telecom continuously works on building high-quality relationships with its users. This is reflected not only in adapting services to individual needs wherever possible, but also in the fast and efficient resolution of service issues encountered by users. It is also evident in the ongoing introduction of new, predominantly digital channels for accessing services and fulfilling other user needs, with the goal of maximizing customer satisfaction.

A key feature of this approach is the long-term, continuous development of promotional campaigns that allow customers to choose benefits according to their needs, such as subscription discounts, increased data volumes, or additional services. These options are consistently offered when contracting all types of services-mobile, multimedia, internet, or fixed network services.

To provide customers with a modern user experience, the company has modernized and rebranded its retail outlets during the past year, while also enhancing the Moj BH Telecom application and Web Shop. For those who prefer shopping from the comfort of their homes, the centralized Web Shop offers a digital sales channel that enables fast and easy access to all services, as well as integration with physical sales points and the Contact Center.

In addition, for six consecutive years, BH Telecom has been developing and refining its Bonus Plus loyalty program, rewarding its loyal customers with bonus points for regular bill payments, subscription tenure, and other activities.

Respect for customer loyalty at BH Telecom is embodied in the slogan: "We do not forget your trust."

ENVIRONMENTAL PROTECTION

BH Telecom, as an economically successful and socially responsible company, pays special attention to environmental protection. The company's business activities are carried out using environmentally friendly technologies in order to prevent negative impacts on the environment.

BH Telecom manages all aspects of its operations by continuously reducing the negative environmental impact of its activities and permanently improving achieved results in the field of environmental protection. The company procures equipment from manufacturer-partners whose products operate efficiently in various climatic and natural environments without harmful effects on the environment. The equipment is certified as proof of compliance with environmental standards related to minimal electricity consumption and reduced carbon dioxide emissions.

Energy efficiency as a principle is observed indirectly through partner-suppliers of equipment, who ensure optimal energy consumption of their products and possess appropriate energy efficiency certifications as proof of compliance.

The development of BH Telecom's mobile network is regulated by procedures that require the preparation of studies on electromagnetic radiation and its potential impact on human health for all installed equipment, thereby preventing negative environmental effects.

Significant attention is devoted to the disposal of technological and IT waste, ensuring it is handed over to authorized legal entities for proper waste management.

During 2025, BH Telecom implemented a range of activities aimed at environmental protection in the context of telecommunications equipment deployment and operation. These activities include obtaining systematic assessments and reports on the environmental impact of base stations, along with safety declarations. The goal is to secure certification of compliance with electromagnetic radiation limits from the Communications Regulatory Agency, as well as approvals for the use of non-ionizing radiation sources from the Ministry of Health and Social Welfare of Republika Srpska.

Network modernization activities were carried out, replacing older technologies with newer, more energy-efficient solutions characterized by lower heat dissipation and CO? emissions, including batteries, power supply systems, new air-conditioning systems, and UPS systems. Functionalities that enable energy savings were implemented, thereby improving the energy efficiency of the equipment. Projects for replacing energy systems with higher efficiency levels are continuously being implemented, alongside the gradual replacement of air-conditioning systems using refrigerants that have a negative environmental impact.

Remote Radio Units (RRUs)-components of base stations-are continuously being relocated from containers to antenna masts, eliminating the need for cooling. Additionally, Single RAN solutions are being implemented, which are more energy-efficient compared to solutions where multiple vendors provide different mobile technologies at a single location.

Dedicated software is also used to control the energy consumption of base stations, enabling adaptive reduction of consumption during periods of low traffic. Continuous upgrades and replacements of power supply equipment (rectifiers, batteries), as well as air-conditioning systems, are being carried out, alongside the implementation of monitoring systems for energy facilities and components. All these activities contribute to improving energy efficiency.

Continuous assessments of the environmental impact of base stations (BS)

Active development and implementation of photovoltaic (PV) systems

Modernization of equipment with new solutions that ensure energy efficiency and have no harmful environmental impact

Following the commissioning of BH Telecom's first photovoltaic power plant on the rooftop of its business building in Mostar in January 2024, the implementation of photovoltaic systems continued during 2025 at company facilities, including FN Dolac Malta, FN Bihać, and FN Franca Lehara. Achieved electricity savings amount to approximately 5% for the Franca Lehara and TKC Bihać facilities, and around 1.5% for TKC Dolac Malta.

Photovoltaic systems were also installed at 20 base stations, achieving average reductions in grid electricity consumption of approximately 12% per location. The first hybrid system was commissioned at the Mliništa base station (diesel-electric generator + battery + PV system).

Implementation of photovoltaic systems is currently underway for an additional four BH Telecom facilities as well as for 40 base stations.

Electric vehicle charging stations had previously been installed to support the increased use of electric vehicles. These stations are located in parking areas of major company facilities across regional directorates (one charging station per BH Telecom directorate headquarters).

During 2025, four BH Telecom employees obtained the "Young Energy Scout" certification.

HUMAN RESOURCES AND STAFF WELFARE INITIATIVES

BH Telecom, with the support of its most valuable resource-its employees-successfully tells both big and small business stories every day. We are aware that our company is driven by our employees and that they play a key role in our excellence. Only high-quality employees can develop and achieve organizational excellence. Through our platform The People Lab, we are building an inspiring work environment. It is a space for collaboration where we jointly fulfill our mission: every working day will be filled with satisfaction, efficiency, innovation, and motivation.

The total number of employees as of December 31, 2025 amounted to 2,916, which is 37 employees (1%) fewer compared to December 31, 2024. Out of the total of 2,916 employees as of December 31, 2025, 2,895 were employed on a permanent basis, 20 on fixed-term contracts, and 1 intern.

Of the total number of employees as of December 31, 2025, 1,058 (36%) were women and 1,858 (64%) were men.

The average age of employees in the Company as of December 31, 2025 was 47 years.

DESCRIPTION	2023	2024	**2025**	Index	
1	2	3	4	5 (4/2)	6 (4/3)
Number of employees of 31 Dec	2,993	2,953	**2,916**	97	99

In 2025, BH Telecom placed particular focus on this segment of its business, implementing a series of activities aimed at improving the company's employer and employee branding, as well as a number of projects that enhanced its position in the labor market.

Some of the key projects implemented in BH Telecom during 2025 include:

- Development of an internal academy - Moja Akademija
- HR reorganization
- Incentive program for early retirement
- Career plans, succession planning, bonus programs, leadership programs, etc.

DURING 2025, CONTINUOUS ACTIVITIES WERE CARRIED OUT AIMED AT IMPROVING THE HUMAN RESOURCES MANAGEMENT FUNCTION WITHIN THE COMPANY, INCLUDING:

- Providing support to all levels of management in HR management (HR analytics, attraction, recruitment, selection, onboarding, career development, training, employee satisfaction, benefits, and compensation),
- Improving employee rights and working conditions (through amendments to the Labour Rulebook),
- Optimization and digitalization of HR processes,
- Attracting and retaining qualified staff through recruitment events, participation in job fairs, organizing company visits, establishing cooperation with educational institutions-primarily technical higher education institutions - with the aim of fostering cooperation in technology, innovation, research, and education, encouraging innovation and research mindset, developing young professionals, and contributing to retaining highly qualified talent within the country, thereby creating opportunities for BH Telecom to participate in various projects through partnerships,
- Participation in EEML (Eastern European Machine Learning Summer School), a prestigious initiative organized by Google DeepMind,
- More efficient and faster realization of employee rights,
- Development of bonus programs for employee motivation and rewards,
- Improvement of the age, qualification, and health structure of employees through the implementation of the Early Retirement Incentive Program.

During 2025, a reorganization of the Organizational and Human Resources Management Department was prepared and implemented with the aim of establishing a modern, strategically oriented HR function that enables more efficient planning, management, and development of key HR processes.

This reorganization laid the foundation for strengthening the HR function, with a clear distinction between strategic and operational roles, allowing for faster decision-making, higher-quality support to organizational units, and more focused management of business priorities. Within the new model, emphasis was placed on developing strategic HR areas of long-term importance, including performance management, talent management, leadership development, and employee experience.

Special focus is placed on building a consistent and measurable performance management system, identifying and developing key talents, strengthening leadership competencies, and creating a positive employee experience throughout all stages of the employment lifecycle. At the same time, operational HR processes have been further standardized and improved to provide stable, high-quality, and timely support to employees and managers.

This reorganization represents the initial phase in establishing a modern HR function at BH Telecom, built on clear processes, measurable results, and strong alignment with employee needs and business goals. Further development is expected in the coming period, enabling HR to fully assume the role of a strategic business partner and contribute to strengthening organizational efficiency, competencies, and leadership capacities.

The internal academy Moja Akademija continued its development in 2025, strengthening its role as a central driver of employee competency development and a builder of a value-based organizational culture. Thanks to the commitment and expertise of internal trainers, consultants, and other academy members, a series of high-quality training programs was designed and implemented, further strengthening internal expertise and knowledge-sharing culture.

Targeted communication activities also intensified the promotion of the Academy among employees, ensuring better understanding of its role and value for the business. This ensured alignment between the Academy and the company's strategic objectives, while providing employees with the resources, tools, and experiences needed to effectively address modern business challenges.

In line with the defined goal of establishing a systematic approach to knowledge acquisition and sharing in sales, support, and team management processes, the Academy conducted 73 activities in 2025 in the form of training sessions, workshops, and internal educational events. A total of 3,531 participants attended these activities, representing a 59% increase compared to the previous year.

Additionally, 573 employees participated in external training programs, ensuring the integration of external expertise into business processes. Online learning (333 participants), although smaller in scope, continues to play an important role in flexible learning and content accessibility.

Overall, 4,437 employees participated in various forms of training during the year, confirming BH Telecom's continuous commitment to competency development. Internal training is increasingly becoming the cornerstone of organizational learning, while external and online programs complement this model by providing specialized knowledge and broader perspectives.

Particular value was added to the development of Moja Akademija through initiatives launched in 2025, arising from real business needs and aimed at creating a more structured and modern learning process. One of the most notable initiatives was a pilot project introducing supervision for front-office employees. This marked a shift from traditional training models toward continuous employee development through mentoring and supervisory support, with the aim of strengthening professional confidence, standardizing approaches, and improving the quality of daily customer interactions.

At the same time, the Academy introduced new, tailored training programs focused on developing negotiation skills and enhancing customer experience. These programs were created in close cooperation with organizational units and tailored to real-life challenges faced by employees, strengthening the link between learning and business practice.

What unites these initiatives is their clear alignment with the company's strategic goals-improving customer experience, strengthening employee competencies, and building a consistent and professional approach at key customer touchpoints. Their further development is planned for 2026, with the aim of systematically expanding and integrating pilot projects into the Academy's operating model.

In this way, the Academy is gradually evolving into a strong mechanism for implementing the company's strategic directions-a place where knowledge is not limited to theory, but continuously developed, multiplied, and transformed into measurable value for both the organization and its customers.

In the coming period, broader changes are expected in the overall training and education process, with a particular focus on more efficient, faster, and agile identification of organizational needs. The goal is to ensure better alignment of training programs with strategic and operational priorities and to accelerate knowledge sharing across teams.

A key focus for Moja Akademija in 2026 will be the digital transformation of the learning process. This includes further digitalization of educational content, advanced learning management via digital platforms, automation of certain processes, and the creation of interactive, customized, and measurable learning programs. Additionally, efforts will continue to strengthen the culture of knowledge sharing and to develop systemic solutions that enable the multiplication of existing internal knowledge within the organization.

The combination of these approaches-digital transformation, supervision, improved methodologies for identifying needs, and continuous strengthening of internal expertise-will ensure that the organization remains competitive, innovative, and prepared for future challenges.

2025

SUCCESS STORIES, AWARDS AND RECOGNITIONS

71st General Assembly of Connect Europe - October 16-17, 2025, Sarajevo

As a member of the Connect Europe association, which represents leading European providers of connectivity networks and digital services, BH Telecom was selected to host and chair the 71st General Assembly of Connect Europe, held on October 16-17, 2025, in Sarajevo. The Assembly was attended by representatives of 22 member companies.
BH Telecom also organized a side event-a workshop titled "CHANGES IN TELECOMMUNICATIONS: INFRASTRUCTURE, INNOVATION, AND INDUSTRY TRANSFORMATION", which was attended by r epresentatives of the Ministry of Communications and Transport of Bosnia and Herzegovina, the Communications Regulatory Agency, as well as an internationally recognized expert in digital policy and cybersecurity.

Significant international recognition for BH Telecom at TM Forum DTW25

BH Telecom achieved notable success at this year's TM Forum DTW25 - Digital Transformation World conference in Copenhagen, where our team participated in the Catalyst project titled "AI-powered Legacy Modernization to ODA."
Among 58 innovative solutions, our project was awarded first place in the category "Moonshot Catalyst: ODA in a Box."
The project was implemented in cooperation with leading global companies, including BT Group, Deutsche Telekom, Tata Consultancy Services, Ooredoo Group, 6D Technologies, Avante, e& UAE, PT Indosat Tbk, and LPTIC.
This international recognition confirms the expertise of our employees and BH Telecom's capability to actively contribute to global initiatives in the field of digital transformation and the application of advanced technologies.

BH Telecom awarded the Fast Mover badge on the EcoVadis platform for rapid progress in sustainability

According to the results of the latest assessment on the global EcoVadis platform for 2025, BH Telecom was awarded the Fast Mover badge for rapid progress in the field of sustainability. Progress has been demonstrated across all key assessment areas: Environment, Labor & Human Rights, Ethics, and Sustainable Procurement.
These results confirm BH Telecom's continuous commitment to improving sustainability and corporate social responsibility, and represent a strong incentive for further enhancement of business practices.
BH Telecom continues to maintain a strong focus on sustainable and responsible business operations and will keep working towards achieving even better results in the future

BH Telecom - Finalist of the 2025 Sustainable Business Leaders Award

The award is part of the program "Translating the Sustainable Development Goals Framework in Bosnia and Herzegovina into Sustainable and Inclusive Growth (SDG2BiH)", funded by Sweden and implemented by UNDP in partnership with UNICEF and UN Women. The official partner of the award is the Foreign Trade Chamber of Bosnia and Herzegovina.
Out of 484 submitted applications, 34 finalists were selected, standing out with their innovative approaches and setting new standards for sustainable business practices in Bosnia and Herzegovina. The selected companies demonstrated how strategic alignment with sustainable practices can transform both their operations and the communities in which they operate.

BH Telecom won 2nd place at Young Energy Europe 2025

At the regional Young Energy Europe 2025 competition, a project led by colleague Enida Cero Dinarević won 2nd place, granting BH Telecom the right to participate in the main event in Berlin in 2026, together with representatives from ten European countries.
With this achievement, we further confirm our commitment to sustainability, energy efficiency, and ESG principles, while also strengthening the international reputation of BH Telecom.

BH Telecom - "My Story" team sets a record at Race for the Cure!

The BH Telecom - "My Story" team participated in September 2025 in the largest European event dedicated to the fight against breast cancer - Race for the Cure. This year, an all-time record was broken: our team raised more than €9,150, demonstrating that unity and solidarity can write new chapters of humanity. Our strength lies in people who share the values of empathy, courage, and support. As a socially responsible company, we are proud to contribute to programs of free mammography screenings and to support women facing some of life's greatest challenges.
The team was led by Anisa Lojo Bajrić, Executive Director for Economic and Financial Affairs, with the support of General Director Amel Kovačević. Together, we proved that the power of unity transforms empathy into action and brings hope to those who need it the most.

BH Telecom Receives the "Golden Champions" Award

BH Telecom Receives the "Golden Champions" Award at the 10th Anniversary Sarajevo Unlimited Forum - November 2025. At the 10th anniversary edition of the regional forum on innovation, technology, and entrepreneurship - Sarajevo Unlimited, which this year gathered leading leaders, innovators, and visionaries from Bosnia and Herzegovina and the region - BH Telecom was awarded the "Golden Champions" recognition for its outstanding contribution and long-standing partnership in the development of Bosnia and Herzegovina's innovation ecosystem. The award was accepted on behalf of the company by Amel Kovačević, CEO of BH Telecom.
This recognition is the result of BH Telecom's long-term commitment to promoting innovation, supporting digital transformation, and developing local potential through partnerships with key stakeholders within the innovation community.

Sarajevo
Film Festival
15-22 August 2025

BH Telecom and Sarajevo Film Festival

A Fusion of Technology and Art for an Unforgettable Cinematic Experience

When technology and art come together, moments are created that inspire, connect, and leave a lasting impact. As a strategic partner and main sponsor of the 31st Sarajevo Film Festival, BH Telecom has once again demonstrated that corporate social responsibility goes beyond sponsorship-it means creating real value for the community, culture, and future generations.

MORE THAN SPONSORSHIP - INVESTING IN CULTURAL DEVELOPMENT

By signing a new three-year agreement with the Sarajevo Film Festival, BH Telecom has positioned itself not only as a technological leader, but also as a key player in the development of Bosnia and Herzegovina's film industry. Through the BH ContentLab platform, the company has already invested more than 30 million BAM in the production of local films and series-an investment that builds not only screens, but also careers, creativity, and cultural identity.
A special highlight of the festival were the productions "Pavilion" and "Bosnian Knight," which premiered before a global audience, with their realization made possible by BH Telecom as a co-producer. This further confirms the company's strategic orientation toward supporting domestic creativity and enhancing regional visibility.

MY TV - THE FESTIVAL AVAILABLE TO ALL

Social responsibility also implies inclusivity. Through its MY TV platform, BH Telecom made it possible to follow festival events from the comfort of home. The special program "A Partner Like in a Movie," broadcast live from the festival studio, brought a piece of the festival magic every evening to everyone who could not attend in person.
With live broadcasts, reruns, and a 24-hour livestream from the SFF Square, BH Telecom extended the festival atmosphere far beyond the borders of Sarajevo.

DIGITAL CONNECTIVITY FOR ALL

In the spirit of a modern festival, BH Telecom provided free Wi-Fi at 12 key locations across Sarajevo-from Baščaršija to the Metalac cinema-allowing thousands of visitors to stay connected, share their experiences, and remain informed in real time. Connecting communities has never been easier-or faster.

TECHNOLOGY IN THE SERVICE OF ENTERTAINMENT

In partnership with Samsung, BH Telecom organized a technology showroom in the heart of the festival, where visitors could try out the latest devices, participate in interactive challenges, and win valuable prizes-including a dream trip worth 8,000 BAM. This initiative perfectly demonstrates how innovation can be accessible, fun, and beneficial to the wider community.

A NEW DIMENSION OF THE CINEMATIC EXPERIENCE

As part of the festival activities, BH Telecom also supported the opening of the Summer Cinema Center, further enriching Sarajevo's cultural offering during the summer. This open-air cinema under the stars became an ideal gathering place for exchanging ideas and enjoying cinematic achievements.

A RESPONSIBLE COMPANY BUILDS THE FUTURE OF THE COMMUNITY

Through its strategic partnership with the Sarajevo Film Festival, BH Telecom demonstrates not only technological excellence but also a clear commitment to social responsibility. By investing in culture, education, digital connectivity, and the development of the local film industry, BH Telecom sends a strong message-the future is built together, with respect for both art and people.

The festival may be over, but the legacy remains. BH Telecom continues its journey as a community partner-where art and technology tell a shared story.

5 BH TELECOM D.D. SARAJEVO SEPARATE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 AND INDEPENDENT AUDITORS' REPORT

This version of the report is a translation from the original, which was prepared in Bosnian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report and the original language version of the financial statements take precedence over this translation.

Contents

In accordance with Articles 36 to 44 of the Law on Accounting and Auditing in the Federation of Bosnia and Herzegovina No. 15/21 and the Instructions for Submission of Financial Statements and Special Reports for the Period I - XII 2025 (Federal Ministry of Finance, No: 04 - 45 - 1 - 10824/25 dated 18 December 2025), a Separate Annual Report for the period from 1 January 2025 to 31 December 2025 has been prepared along with the set of separate financial statements for 2025, the report provides an objective overview of BH Telecom's operations and financial position, including a description of the main risks and uncertainties the Company faces, as well as measures undertaken for environmental protection.

By the decision of the Government of the Federation of Bosnia and Herzegovina of 28 December 2001, the Public Enterprise PTT BH Saobraćaj was reorganized, and two new legal entities were formed as follows: PE BH Pošta Sarajevo and PE BH Telecom Sarajevo. The Company started its operations on 1 January 2002.

Based on the Decision of the Government of the Federation of Bosnia and Herzegovina on granting consent to the Reorganization Plan - the change of the organizational form of BH Telecom into a joint stock company - Decision No. V 677/03 dated 15 December 2003 ("Official Gazette of the Federation of BiH" No. 66/03) and the Decision of the Government of the Federation of Bosnia and Herzegovina on granting consent to the change of the organizational form of JP BH Telecom into a joint stock company - Decision No. V 677/03 dated 15 December 2003 ("Official Gazette of the Federation of BiH" No. 1/04), BH Telecom has been operating as a joint stock company.

As of 30 June 2014, the Company changed head office location and moved to: Franca Lehara 7, Sarajevo.

According to the tax registration certificate dated 9 November 2011, the Company was assigned the tax identification number 4200211100005, while pursuant to the Notification on Classification of the Legal Entity by Activity Classification No. 07-32.5-3968/14 dated 10 October 2014, the Company is registered for activities in wired telecommunications (Activity Code KD BiH 2010: 61.10).

BH TELECOM d.d. Sarajevo is a commercial entity organized as an open joint stock company, in accordance with best corporate governance practices. The Company is governed by its shareholders in accordance with the Law on Business Companies ("Official Gazette of the Federation of BiH", No. 81/15), the Law on the Securities Market ("Official Gazette of the Federation of BiH", Nos. 85/08, 109/12, 86/15 and 25/17), the Rulebook on Governance of Joint Stock Companies ("Official Gazette of the Federation of BiH", No. 19/10) and other relevant laws, by-laws and the valid Statute of the Company.

The share capital of BH Telecom d.d. Sarajevo is consisted of shares, of which approximately 90% are owned by the Federation of BiH and 10% by Privatization Investment Funds (PIFs) and minority shareholders. The governing bodies of the Company are: the General Assembly, the Supervisory Board, the Management Board and the Audit Committee.

By decision number 03-19-101/04 dated 19.02.2004. The owner of 57,114,378 shares or 90.0043% of the capital is the Federation of Bosnia and Herzegovina - Federal Ministry of Transport and Communications, and the owners of 6,342,980 shares or 9.9957% of the capital are small shareholders. The Company's shares are listed on the Sarajevo Stock Exchange.

BH Telecom is the leading telecommunications operator in Bosnia and Herzegovina, holding the largest market share in the provision of telecommunications services: fixed-line, mobile and internet networks. We continuously collaborate with numerous domestic and international companies, directly contributing to the quality of our services. As a socially responsible company, we actively participate in the everyday progress of Bosnian society, contributing to its development.

BH Telecom's infrastructure is part of the global telecommunications system and, as such, enables citizens and business entities in Bosnia and Herzegovina to use fixed and mobile networks with high quality in local, intercity and international traffic, along with numerous, wide range of service packages. Through its current capacities on direct links, it provides its subscribers with international voice telephony services via direct dialing to 225 countries worldwide.

Although Bosnia and Herzegovina, according to relevant indicators, belongs to the group of countries with low development and usage of information and communication technologies, the telecommunications market in Bosnia and Herzegovina is highly dynamic. There are three dominant operators on the BiH telecommunications market: BH Telecom d.d. Sarajevo, Mtel a.d. Banja Luka and Hrvatske Telekomunikacije d.d. Mostar. All three operators compete equally in delivering telecommunications services to both business and private users, in the areas of mobile, fixed-line, internet, IPTV and other telecom services. In addition to these three operators, there is also a significant number of small competitors providing telecommunications services. According to the latest data from the Communications Regulatory Agency of Bosnia and Herzegovina, at the time of compiling this report, the telecommunications market in Bosnia and Herzegovina comprises of: 3 UMTS operators, 3 fixed telephony service providers, 3 GSM operators, 58 internet service providers, 68 licensed network operators, 8 providers of fixed public telephone services, 23 AVM service providers and 5 registered mobile telephony service providers. These figures indicate that the attractiveness of the telecommunications market in Bosnia and Herzegovina remains at a stimulating level for the entry of smaller competitors. The telecommunications market is dynamic and capital-intensive, with pronounced competition, particularly in mobile telephony and internet services. Telecommunications is a global industry, with competition occurring both within and beyond national borders. Due to deregulation, the rapid development of new technologies and significant investments in further research and development over the past decade, telecommunications has become a highly competitive industry. This market is, therefore, very dynamic and prone to major changes and the past several years have been marked by numerous acquisitions and mergers aimed at strengthening competitive positions in the market.

Macroeconomic developments in 2025 had a significant impact on the business environment and results of companies operating in Bosnia and Herzegovina. Moderate growth in gross domestic product, stabilization of inflation, and the maintenance of relatively high interest rates in the eurozone shaped business conditions, demand in domestic and foreign markets, as well as financing costs.

According to estimates by the International Monetary Fund, Bosnia and Herzegovina's real GDP growth in 2025 was about 2.4%, which provided a basis for a stable but limited expansion of business activity. This growth pace had a positive, though moderate, effect on company revenues-particularly in sectors oriented to domestic consumption-while export?oriented enterprises faced an additional challenge from the slowdown in economic growth in the European Union.

Consumer price inflation in 2025 continued its downward trend, averaging around 3.8%, contributing to a gradual stabilization of input costs compared to previous years. However, rising labor, energy, and certain service costs continued to put pressure on companies' profitability, especially in labor-intensive industries. Companies were forced to pay additional attention to cost control, process optimization, and pricing policy adjustments in order to preserve operating margins.

The labor market in Bosnia and Herzegovina continues to be characterized by a relatively high unemployment rate, estimated at around 13%, coupled with a shortage of skilled labor in some sectors. These structural problems have contributed to the growth of nominal wages and increased employee costs, which has further burdened companies' business results, but has also partially supported personal consumption and domestic demand.

The monetary policy of the European Central Bank, marked by the maintenance of more restrictive financing conditions, was indirectly reflected in the domestic capital market. In 2025, companies in Bosnia and Herzegovina faced higher borrowing costs and more cautious credit policies of banks, which affected the dynamics of investments and the need for more careful liquidity management. In such an environment, investments with faster returns and lower risk were prioritized.

Despite the above challenges, the stabilization of inflation and the maintenance of positive economic growth created the prerequisites for maintaining business continuity and gradually adjusting business strategies. Companies that managed to improve efficiency, diversify revenue sources and actively manage financial risks in 2025 were in a better position to respond to changing market conditions and prepare for the coming period.

The structure of economic growth in Bosnia and Herzegovina during 2025 was dominated by private and public consumption, while the contribution of investments and net exports remained limited. This growth model had direct implications for the operations of companies, especially those oriented towards the domestic market.

Private consumption remained one of the main drivers of economic activity in 2025, driven by nominal wage growth, easing inflationary pressures and relative stability in the labor market. Although real growth in disposable income was moderate, it contributed to maintaining demand for goods and services, which positively affected the revenues of companies in the trade, services and consumer industries sectors. At the same time, rising living costs and household indebtedness limited stronger consumption growth, requiring a more cautious approach to sales and inventory planning.

Public spending in 2025 played a stabilizing role in the economy, through increased spending on public sector wages, social benefits, and current budget expenditures. These expenditures partially supported overall economic activity and mitigated the negative effects of the slowdown in the external environment. However, limited fiscal space and the need for fiscal discipline influenced the more moderate growth of public investments, which reduced their potential contribution to long-term economic growth and business opportunities in the investment and infrastructure sectors.

In the overall GDP structure, a combination of private and public consumption represented a key source of growth in 2025, while investment and exports remained sensitive to developments in the euro area and financing conditions. This growth structure implies that companies' business results were largely dependent on domestic demand and fiscal policy, which further highlights the importance of business model adaptability and market diversification.

For companies operating in Bosnia and Herzegovina, these developments have meant the need to carefully monitor consumer habits, optimize costs, and align investment plans with realistic growth opportunities for domestic demand. Companies that have managed to effectively respond to changes in the structure of consumption and maintain competitiveness in conditions of moderate economic growth have achieved more stable business results during 2025.

The Separate Annual Business Report for 2025 of BH Telecom d.d. Sarajevo provides an objective overview of the Company's unconsolidated operations and its position, including a description of the main risks and uncertainties it faces, as well as measures undertaken for environmental protection.

Below is a comparison of realized revenue, expenses and profit for the year 2025 with the results achieved in 2024, on an unconsolidated basis.

In the period January-December 2025, total revenue amounted to KM 566.1 million, which is an increase by KM 10.4 million or 2% compared to revenue realized in the period January-December 2024, which amounted to KM 555.7 million.

Total expenses for the period January-December 2025 amounted to KM 489.8 million, which is an increase by KM 6.2 million or 1% compared to expenses in the period January-December 2024, which amounted to KM 483.5 million.

Operating profit for the period January-December 2025 amounted to KM 76.3 million, which is an increase by KM 4.1 million or 6% compared to gross profit realized in the period January-December 2024, when it amounted to KM 72.2 million.

The following table provides an overview of the key indicators of unconsolidated operations for the year 2025, along with comparative data for 2024.

(in 000 KM)

Ordinal number	Position	I - XII 2024	I - XII 2025	%YOY
1	2	3	4	5 (4/3)
A.	**Revenue from contracts with customers**	**528,325**	**539,663**	**2%**
1.	Revenue from contracts with related parties	142	139	-2%
2.	Revenue from contracts with customers - domestic	508,327	520,324	2%
3.	Revenue from contracts with customers - foreign	19,856	19,200	-3%
B.	**Other income and gains**	**27,418**	**26,453**	**-4%**
1.	Gains from non-current non-financial assets	1,162	202	-83%
2.	Gains from financial assets	-	-	-
3.	Provision expenses, net	-	-	-
4.	Surpluses and other positive adjustments	-	-	-
5.	Finance income	7,456	10,127	36%
6.	Other income and gains	18,800	16,124	-14%

Ordinal number	Position	I - XII 2024	I - XII 2025	%YOY
1	2	3	4	5 (4/3)
C (A+B)	Total revenue	555,743	566,116	2%
D.	**Operating expenses**	**457,501**	**470,934**	**3%**
1.	Cost of goods sold	62,232	64,946	4%
2.	Changes in inventories of finished goods	156	1	-99%
3.	Costs of raw materials and supplies	3,153	3,027	-4%
4.	Energy and fuel expenses	11,524	13,796	20%
5.	Salaries and other personal expenses	147,928	152,756	3%
6.	Depreciation	104,867	105,286	0%
7.	Costs of services received	43,211	47,827	11%
8.	Other operating expenses and costs	84,430	83,295	-1%
E.	**Other expenses and losses**	**26,032**	**18,841**	**-28%**
1.	Losses from non-current non-financial assets	1,806	1,638	-9%
2.	Losses from financial assets	5,118	2,115	-59%
3.	Provision expenses, net	11,937	8,666	-27%
4.	Cost of materials sold	-	16	-
5.	Shortages and other negative adjustments	579	757	31%
6.	Share of loss of associate	-	-	-
7.	Finance cost	2,528	3,412	35%
8.	Other expenses and losses	4,064	2,237	-45%
F (D+E)	**Total expenses**	**483,533**	**489,775**	**1%**
	Profit before tax from continuing operations	**72,210**	**76.341**	**6%**

According to the Employment and Staffing Plan for 2025, it is planned that as at 31 December 2025, there will be a total of 2,980 employees (workers and trainees), in line with the actual needs of processes and work organization. The Employment and Staffing Plan for 2025, by level of education, activities (jobs) and business areas (organizational units), is defined by the Company's Annual Operational Business Plan for 2025.

The total number of employees as at 31 December 2025, was 2,916, which is by 37 employees or 1% less compared to the number of employees as at 31 December 2024. The staffing plan for 2025 was achieved at 98% realization rate.

The data on the implementation of the employment and staffing plan for 2025 is presented in the table below:

Ordinal number	Description	Plan for 2025	I - XII 2024	I - XII 2025	Index	
1	2	3	4	5	6 (5/3)	7 (5/4)
I.	Number of employees as at 31 December	2.980	2.953	2.916	98	99

In accordance with the provisions of Articles 42 and 43 of the Law on Accounting and Auditing in the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of BiH", No. 15/21), we provide the following information to complement the objective presentation of the financial position and operations of the legal entity.

Significant events in the period from 31 December 2025 until the issue of financial statements for 2025

During 2024 and 2025, the Company undertook activities to implement the acquisition of a controlling interest in Telemach d.o.o. Sarajevo, Bosnia and Herzegovina, and Telemach Crna Gora d.o.o., Podgorica, Montenegro. In October 2025, the Competition Council of Bosnia and Herzegovina issued a decision conditionally approving the concentration in question, with prescribed measures and obligations that the Company is obliged to implement within defined deadlines. The competent regulator in Montenegro has given unconditional consent to the implementation of the transaction.

As of the date of preparation of the financial statements, the transaction is in the final phase, with the last steps necessary for its finalization underway, and the procedure has not yet been formally concluded.

Future developments

In accordance with the Company's Statute and Articles 3 and 6 of the Planning Rulebook of BH Telecom Joint Stock Company, a Three-Year Business Plan of BH Telecom dd Sarajevo for the period 2025-2027 was prepared and adopted at the Company's Assembly held on 24 October 2025.

The Three-Year Business Plan of BH Telecom dd Sarajevo serves as the foundation for the Company's business activities and is a key document for making business decisions, defining development projects and efficiently managing all important business-functional segments. The Three-Year Business Plan for the period from 1 January 2025 to 31 December 2027 (hereinafter referred to as the Plan), was prepared in accordance with the Planning Rulebook of BH Telecom d.d. Sarajevo and the Strategy for the period 2025-2029.

The Three-Year Business Plan for the period 1 January 2025 - 31 December 2027, was developed under conditions of global instability (the Ukraine-Russia war and the war in Gaza), political uncertainty and high unemployment rates. Persistent inflationary pressures, along with global uncertainty regarding key macroeconomic indicators, affected the volume of economic activity during the observed period. At the time of drafting the Plan, it was difficult to predict the development of the global political situation, economic trends due to the slowdown in economic activity, competitor behavior, consumer purchasing power and other market conditions. In an environment of generally low real wages and pensions, an unfavorable age structure and negative demographic trends in the BiH telecommunications market, it is a real challenge to create pricing policies and maintain customer satisfaction and loyalty. Our customers still spend a lower percentage of their income on telecommunications services compared to customers in developed countries.

An overview of planned revenue, expenses, profits and capital investments for 2025, 2026 and 2027 is provided in the following table:

(in 000 KM)

No	Description	Plan 2025 (000 KM)	Plan 2026 (000 KM)	Plan 2027 (000 KM)
1	2	3	4	5
	FINANCIAL RESULT			
1	TOTAL INCOME	577,619	616,757	635,713
2	TOTAL EXPENSE	519,832	534,655	545,632
3 (1-2)	**PROFIT BEFORE TAX**	**57,788**	**82,102**	**90,082**
	PLANNED INVESTMENTS			
4	PLANNED INVESTMENTS	104,000	130,000	150,000

Research and development activities

In 2025, BH Telecom d.d. Sarajevo had no research and development activities in accordance with IAS 38.

The Company's share and ownership stake repurchase

BH Telecom d.d. Sarajevo did not acquire any of its own shares in 2025.

Business segment information

International Financial Reporting Standard 8 - Business Segments provides that legal entities identify operating segments, i.e. report on business results, assets and liabilities of operating segments.

In accordance with IFRS 8, the Company had one business segment - BH Telecom.

Financial instruments significant to the appraisal of financial position and business success

The Company has no credit liabilities that are significant for assessing the financial position and performance of the legal entity.

During 2024, the Company executed three acquisitions of debt securities - bonds issued by the Federation of Bosnia and Herzegovina (14,730) and ASA Finance d.d. Sarajevo (4,810), representing a total value of KM 19,367,664.77 (including the value of the acquired bonds and brokerage fees).

During 2025, the Company did not make any new investments in debt securities.

The aims and policies regarding financial risk management, together with the policy of risk protection for every planned transaction that requires protection

BH Telecom operates in an environment characterized by rapid technological change, regulatory requirements, and market uncertainties typical of the telecommunications and information technology industry. In such an environment, the timely identification and management of risks is one of the key prerequisites for maintaining financial stability and ensuring the sustainable operations of BH Telecom.

Risk management in BH Telecom is focused on reducing the likelihood of risk events and/or mitigating their potential adverse effects, with the objective of achieving business goals, providing an adequate response to market changes, and enhancing business processes

BH Telecom has established a risk management framework based on the principles of the COSO ERM framework and best practices defined by the ISO 31000 standard. This framework enables the continuous identification, analysis, assessment, and monitoring of risks, as well as regular reporting on key risks at the level of BH Telecom.

Identified risks are classified into appropriate risk categories (strategic, operational, financial, and compliance risks), with risk assessments performed based on the evaluation of the likelihood of occurrence and the potential impact of risk events. This approach facilitates a better understanding of risks, more effective planning of mitigation measures, and the establishment of an appropriate level of oversight and control.

Within the risk management system, particular attention is given to the management of financial risks that may affect the liquidity, financial reporting, and cash flow stability of BH Telecom. These risks are monitored and managed in accordance with BH Telecom's financial policies.

Risk owners are responsible for establishing and maintaining adequate internal controls, as well as for defining and implementing risk mitigation measures to a level acceptable to BH Telecom. The implementation of risk mitigation plans is monitored throughout the year, and periodic reports are prepared on the status and changes in exposure to key risks.

The Internal Audit Department, within the scope of its work plan, conducts audits in the area of risk management to assess the functionality and effectiveness of the established system of internal controls and risk management, and provides recommendations for its further improvement.

Exposure to market, credit, liquidity, and other risks inherent in the entity's operations, as well as the strategy for managing such risks and assessing their effectiveness.

Market risk represents the risk of adverse changes in market conditions that may affect the value of the entity's assets, liabilities, and future cash flows. Price risk relates to fluctuations in the prices of raw materials, goods, or services that may impact operating costs and profitability, as well as changes in market interest rates.

Protection against interest rate risk in the placement of excess cash funds is sought through the diversification of investments and contractual arrangements with financial institutions. The Company actively manages surplus cash by ensuring diversification across banks (i.e. funds are not held with a single bank), maintaining relationships with multiple banks, assessing their creditworthiness, aligning deposit maturities with projected cash flows, and combining term deposits (to achieve higher financial income) with demand deposits (to maintain liquidity while securing favorable interest rates).

According to the current business plan, the Company is financed from its own capital, as well as from non-current and current liabilities arising from ongoing operations (such as lease liabilities, trade payables, etc.). In accordance with the valid Statute of the Company, Article 120 (Prohibited and Restricted Activities of the Company), the Company is not allowed to grant loans or advances to employees or third parties and therefore does not carry this type of risk as a lender. The Company's potential exposure to credit risk arises from significant cash holdings maintained in bank accounts (in the form of current accounts or deposits), from investments made in bonds and shares, as well as from trade receivables and other assets and claims.

Currency risk refers to exposure to exchange rate fluctuations. Since the majority of business transactions are conducted in the national currency (Convertible Mark) and in EURO - to which the Convertible Mark is pegged at a fixed exchange rate - currency risk is of low materiality.

In accordance with its internal regulations, the Company pursues an active cash management policy. USD funds are monitored with special attention, as they are subject to frequent exchange rate fluctuations and through active cash management, the Company ensures that it does not encounter negative exchange rate differences.

Credit risk represents the risk that business partners or other parties to whom the entity is exposed through receivables will be unable or unwilling to settle their obligations in the agreed amounts and within the agreed timeframes. This risk most commonly relates to trade receivables, but also to the placement of funds and deposits. The realization of credit risk may result in partial or complete loss of receivables, as well as adverse effects on the entity's liquidity and financial performance.

The Company undertakes all necessary measures to ensure the collection of receivables, including clearly defined payment terms, timely implementation of collection activities, and regular monitoring and review of the ageing structure of receivables.

Liquidity implies ensuring the continued ability to timely finance the Company's current liabilities i.e. the ability to settle liabilities in agreed amounts and on maturity dates.

Risk management includes identification, measurement or assessment, monitoring and reporting of risks to which the Company is or could be exposed during its operations, especially liquidity risk as a specific type of financial risk. The Company's Management is obliged to ensure that the Company implements regular risk management measures and acts in accordance with financial professional standards. Liquidity risk is the risk of negative effects on the financial result and capital of the Company due to the inability to meet due obligations.

This risk may arise as a result of delays in the collection of receivables, inadequate cash flow management, excessive allocation of funds to inventories, or an unfavorable structure of short-term and long-term liabilities. A lack of liquid funds may lead to disruptions in operations, deterioration of relationships with suppliers and financial institutions, as well as a potential blocking of bank accounts.

Liquidity risk cannot be completely avoided, but its negative effects can be mitigated through an active liquidity risk management policy. In its operations, the Company can manage liquidity risk by applying the following measures:

a) Diversification of funding sources: The Company is currently financed through its own capital, as well as through assumed non-current and current liabilities. If necessary, the Company can secure access to additional funding sources (such as bank loans, bond issuance, etc.).

b) Liquidity planning: Scenario analyses are regularly conducted, including stress testing under various conditions in which the Company operates

c) Access to liquid reserves: The Company maintains an adequate amount of liquid reserves, which are available in case of unexpected needs.

d) Maintaining relationships with financial institutions: Establishing strong relationships with key financial institutions to ensure quick access to liquidity during times of crisis.

Key tools for managing exposure to credit risk, liquidity risk, and other risks inherent in the entity's operations include:

- Risk management policy
- Regular cash flow forecasts
- Exposure limits (by customer, bank, borrower)
- Internal control and audit

Measures on environment protection

During 2025, in the context of implementing environmental protection measures in the area of construction and operation of telecommunications equipment, BH Telecom carried out a series of activities, including the procurement of systematic testing and environmental impact assessment reports for base stations, along with safety statements, with the aim of obtaining Certificates of Compliance with electromagnetic (EM) radiation limits from the Communications Regulatory Agency (CRA), as well as approvals for the use of non-ionizing radiation sources from the Ministry of Health and Social Welfare of the Republic of Srpska. Network modernization activities were undertaken, whereby older technologies were replaced with more energy-efficient solutions characterized by lower energy consumption, reduced heat dissipation, and lower CO2 emissions. System functionalities enabling electricity savings were utilized, thereby improving the overall energy efficiency of the equipment. Projects aimed at replacing energy systems with more efficient solutions were implemented. In addition, the replacement of air-conditioning systems using refrigerants with adverse environmental impacts is currently in progress. During 2025, solar systems were commissioned at the Company's business facilities in Franca Lehara, TKC Dolac Malta, and TKC Bihać. At other Company facilities with flat roofs, intensive activities are ongoing in relation to the installation (implementation phase at TKC Ilidža and the warehouses in Azići, Slimena, and Šićki Brod) and commissioning of solar systems. Solar systems were installed and put into operation at approximately 20 base station sites, while implementation is ongoing at an additional 40 locations. Furthermore, an additional 13 FTTC locations are currently in the tendering phase for installation of solar panels. Electric vehicle charging stations had already been implemented earlier with the aim of creating the conditions for increased use of electric vehicles within the Company. These charging stations were installed in the parking areas of major Company facilities across regional directorates (one charging station per BH Telecom regional headquarters).

Applied corporate governance rules

BH Telecom d.d. Sarajevo operates in accordance with the Corporate Governance Code adopted at the 55th (regular) General Assembly of Shareholders held on 27 June 2019. In line with this, the Company ensures timely disclosure and public availability of information related to the Company in accordance with the Law on Companies, the Law on the Securities Market, the Rulebook on Management of Joint Stock Companies, the Rulebook on Disclosure of Information and Reporting on the Securities Market, the acts of the Securities Commission, the rules of the organized market on which the Company is listed and the Company's internal acts, thereby enabling equal access to information for shareholders, investors and other stakeholders.

Communication with the public is based on the principles of truthfulness, accuracy, completeness of data, timeliness, equal accessibility, building trust and economy, so that shareholders, interested investors, customers and suppliers, state authorities and the wider public are informed in a truthful and objective manner about facts and events significant to the Company's operations. Public disclosure of information is achieved through publication, delivery and enabling access to certain documents. Disclosure is carried out via the Company's website and/or daily newspapers, as well as other media channels.

The Management Board of the Company is responsible for ensuring transparency in business operations. The basic principles of the Company's corporate governance are as follows:

- transparency of operations,
- clear procedures for the work of the General Assembly, Supervisory Board, Management Board and Audit Committee,
- avoidance of conflicts of interest,
- effective internal control,
- efficient system of accountability.

The goal of the adopted corporate governance principles is to improve the Company's business development for the benefit of all stakeholders and to ensure through the established principles and the introduction of good business practices in the field of corporate governance:

- a system of mechanisms for setting the Company's objectives, the means to achieve them and monitoring their outcomes,
- a foundation for the effective implementation of corporate governance principles,
- a balance of influence among stakeholder groups,
- a sustainable and consistent system for monitoring the Management Board's work and protecting investors,
- accountability of the Company's bodies,
- strengthening the confidence of shareholders and investors in the Company, as well as ensuring equal treatment of shareholders,
- disclosure of information and transparency of business operations,
- efficient use of the Company's resources, as well as
- trust in the Company's business operations and activities.

GENERAL MANAGER

Amel Kovačević

Responsible person

The Management Board is required to prepare separate financial statements for each financial year which give a true and fair view of the financial position of the Company and of the results of its operations and cash flows, in accordance with applicable accounting standards and is responsible for maintaining proper accounting records to enable the preparation of such financial statements at any time. It has a general responsibility for taking such steps as are reasonably available to it to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Management is responsible for selecting suitable accounting policies to conform with applicable accounting standards and then apply them consistently; make judgments and estimates that are reasonable and prudent; and prepare the separate financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Management Board is responsible for submitting the separate annual report, which includes the Company's separate financial statements, for approval to the Supervisory Board and the owners.

The separate financial statements on pages 18 to 86 were authorized by the Management Board on 11 May 2026 and are signed below to signify this.

For and on behalf of the Management Board

GENERAL MANAGER

Amel Kovačević

EXECUTIVE MANAGER FOR ECONOMIC AND FINANCIAL AFFAIRS

Anisa Lojo - Bajrić

Head of the Accounting Department

Ismet Ramović

(All amounts are presented in thousands of KM, unless otherwise stated)

DESCRIPTION	NOTE	2025	2024
INCOME STATEMENT			
Revenue from contracts with customers	6	**539,663**	**528,325**
Revenue from contracts with related parties (subsidiary)		139	142
Revenue from contracts with customers - domestic		520,324	508,327
Revenue from contracts with customers - foreign		19,200	19,856
Other income and gains		**26,453**	**27,418**
Income from non-current non-financial assets	7	202	1,162
Finance income	7	10,127	7,456
Other income and gains	7	16,124	18,800
Total income		**566,116**	**555,743**
Operating expenses		**470,934**	**457,501**
Cost of goods sold	8	64,946	62,232
Changes in inventories of finished products, semi-products and work in progress, net (+)/(-)		1	156
Cost of raw materials and supplies	9	3,027	3,153
Energy and fuel	10	13,796	11,524
Salaries and other employee benefits	11	152,756	147,928
Depreciation and amortization	12	105,286	104,867
Cost of services	13	47,827	43,211
Other operating expenses	14	83,295	84,430
Other expenses and losses		**18,841**	**26,032**
Losses from non-current non-financial assets	15	1,638	1,806
Losses from financial assets	16	2,115	5,118
Provisions, net	17	8,666	11,937
Shortages and other negative adjustments to inventories	18	773	579
Finance cost	20	3,412	2,528
Other expenses and losses	21	2,237	4,064
Total expenses		**489,775**	**483,533**
Profit before tax from continuing operations		**76,341**	**72,210**
Income tax expense	22	**6,499**	**6,368**
Current income tax		6,499	7,445
Deferred income tax		-	(1,077)
Profit from continuing operations		**69,842**	**65,842**
Other comprehensive income		**(793)**	**(3,052)**
Items that may be reclassified to profit or loss		(580)	(2,229)
Items that will not be reclassified to profit or loss		(213)	(823)
TOTAL COMPREHENSIVE INCOME		**69,049**	**62,790**
Earnings per share (in KM)	23	**1.101**	**1.038**

(All amounts are presented in thousands of KM, unless otherwise stated) 15

DESCRIPTION	NOTE	31 December 2025	31 December 2024
BALANCE SHEET			
ASSETS			
Non-current assets		**883,731**	**829,408**
Property, plant and equipment	24	559,016	579,809
Right-of-use assets	25	62,523	60,249
Intangible assets	26	74,933	70,506
Investments in subsidiaries	27	9,794	9,794
Financial assets at fair value through other comprehensive income	29	1,898	2,478
Financial assets at amortized cost		158,023	86,574
Bank deposits	30.A)	138,666	66,838
Loans given	28	11	64
Bonds	30.B)	19,346	19,372
Other financial assets at amortized cost	34	-	300
Other assets and receivables		17,544	19,998
Contract assets	32	1,677	5,130
Trade receivables	33	15,625	14,746
Other assets and receivables	37	242	122
Deferred tax assets	22	**9,115**	**8,392**
Current assets		**420,825**	**444,210**
Inventories	31	12,141	14,262
Non-current assets held for sale	31	13	
Contract assets	32	4,757	2,133
Trade receivables	33	119,063	114,476
Other financial assets at amortized cost		82,326	45,515
Bank deposits	30.A)	82,260	45,372
Loans given	28	66	143
Cash and cash equivalents	35	171,552	236,993
Prepaid income tax	36	922	-
Other assets and receivables, including accruals	37	30,051	30,831
TOTAL ASSETS		**1,313,671**	**1,282,010**
EQUITY AND LIABILITIES			
Equity		**1,064,618**	**1,035,569**
Shareholders' equity	38	634,574	634,574
Reserves	38	306,645	306,645
Revaluation reserves	38	(21,891)	(21,098)
Retained earnings	38	145,290	115,448
Liabilities		**249,053**	**246,441**
Non-current liabilities		**93,089**	**85,831**
Financial liabilities at amortized cost		55,270	49,391
Lease liabilities	39.A)	51,488	48,364
Other financial liabilities at amortized cost	39.B)	3,782	1,027
Deferred income	43	168	208
Provisions	40	37,649	36,230
Other liabilities, including accruals	44	2	2
Deferred tax liabilities	22	**3,049**	**2,326**
Current liabilities		**152,915**	**158,284**
Financial liabilities at amortized cost		78,422	80,139
Trade payables	41	52,607	54,639
Contract liabilities	42	7,663	8,715
Lease liabilities	39.A)	13,355	14,296
Other financial liabilities at amortized cost	39.B)	4,797	2,489
Deferred income	43	122	501
Income tax liabilities	36	-	2,412
Other liabilities, including accruals	44	74,371	75,232
TOTAL EQUITY AND LIABILITIES		**1,313,671**	**1,282,010**

(All amounts are presented in thousands of KM, unless otherwise stated)

OPERATING ACTIVITIES	2025	2024
Profit before tax	**76,341**	**72,210**
Adjustments for:		
Depreciation and amortization	105,286	104,978
(Gain)/loss from disposal of property, plant and equipment, net	1,455	1,476
(Gain)/loss from disposal of intangible assets, net	7	38
Impairment of property, plant and equipment	176	293
(Release of)/Impairment losses on fair value through other comprehensive income instruments, net	580	2,229
(Release of)/impairment losses on trade receivables, net	1,885	(1,681)
(Release of)/impairment losses on contract assets, net	(12)	70
(Release of)/impairment losses on other financial assets at amortized cost, net	329	43
Surpluses, shortages, write-offs and inventory adjustments, net	1,037	647
Write-off of liabilities	(224)	(185)
(Release of)/increase in provisions, net	330	4,337
Interest income recognized in profit or loss	(8,741)	(6,858)
Finance cost recognized in profit or loss	2,920	2,528
Changes in working capital:		
Decrease/(increase) in inventories	2,703	(2,897)
- Decrease/(increase) in trade receivables	(7,790)	(3,962)
- Decrease/(increase) in other assets and receivables	630	(5,794)
- Decrease/(increase) in contract assets	841	2,474
- Increase/(decrease) in trade payables	(3,039)	8,009
- Increase/(decrease) in other liabilities	11,398	86
- Increase/(decrease) in contract liabilities	(1,052)	(722)
- Income tax paid	(12,276)	(7,726)
Net cash generated/(used in) operating activities	**172,784**	**169,593**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(54,065)	(78,194)
Purchase of intangible assets	(24,016)	(15,904)
Investments in other financial assets at amortized cost	(154,458)	(217,074)
Proceeds from other financial assets at amortized cost	45,589	149,893
Interest received and income from financial leases	9,021	5,683
Other inflows from investing activities	88	2,881
Net cash flow generated/(used) in investing activities	**(177,841)**	**(152,715)**
FINANCING ACTIVITIES		
Dividends paid	(44,548)	(69,185)
Repayment of principal on lease liabilities	(13,789)	(12,160)
Payment of interest on leases	(2,023)	(1,700)
Other inflows from financial activities	-	-
Other outflows from financial activities	-	-
Net cash flow generated/(used) in financing activities	**(60,360)**	**(83,046)**
Net increase/(decrease) in cash and cash equivalents	**(65,417)**	**(66,168)**
Cash and cash equivalents at the beginning of the period	**236,993**	**303,119**
Effect of exchange rate changes on cash and cash equivalents	**(24)**	**42**
Cash and cash equivalents at the end of the period	**171,552**	**236,993**

(All amounts are presented in thousands of KM, unless otherwise stated)

DESCRIPTION	Shareholders' Equity	Reserves	Revaluation reserves for financial assets at fair value through other comprehensive income	Other revaluation reserves	Retained earnings	TOTAL EQUITY
Balance as at 31 December 2023	**634,574**	**306,645**	**(13,827)**	**(4,219)**	**132,609**	**1,055,782**
Profit for the period	-	-	-	-	65,842	65,842
Other comprehensive result for the period	-	-	(2,229)	(823)	-	(3,052)
Total comprehensive income	**-**	**-**	**(2,229)**	**(823)**	**65,842**	**62,790**
Declared dividends (Note 38)	-	-	-	-	(81,003)	(81,003)
Other forms of profit distribution and loss coverage	-	-	-	-	(2,000)	(2,000)
Balance as at 31 December 2024	**634,574**	**306,645**	**(16,056)**	**(5,042)**	**115,448**	**1,035,569**
Profit for the period	-	-	-	-	69,842	69,842
Other comprehensive result for the period	-	-	(580)	(213)	-	(793)
Total comprehensive income	**-**	**-**	**(580)**	**(213)**	**69,842**	**69,049**
Declared dividends (Note 38)	-	-	-	-	(39,000)	(39,000)
Other forms of profit distribution and loss coverage	-	-	-	-	(1,000)	(1,000)
Balance as at 31 December 2025	**634,574**	**306,645**	**(16,636)**	**(5,255)**	**145,290**	**1,064,618**

1. GENERAL INFORMATION ABOUT THE GROUP

BH TELECOM d.d. Sarajevo (hereinafter referred to as: "BH Telecom" or "the Company") is a company engaged in telecommunications activities in both domestic and international markets.

Company Name: Joint Stock Company "BH Telecom" Sarajevo.

Short Name: "BH Telecom" d.d. Sarajevo

Company Headquarters: Franca Lehara No. 7, Sarajevo, Bosnia and Herzegovina

Company Mission: We connect and develop Bosnia and Herzegovina through innovative digital solutions.

Company Vision: The leading digital integrator of BiH society.

Strategic Goals: 1. Preservation of financial performance; 2. Leadership in core market segments; 3. Excellence in customer experience management; 4. Market expansion and diversification; 5. Modernization and digital transformation, along with the establishment of efficient processes; 6. Establishment of a modern human resources management system.

Value System: 1. Customer commitment; 2. Work ethic; 3. Quality; 4. Collaboration; 5. Social responsibility.

By the decision of the Government of the Federation of Bosnia and Herzegovina of 28 December 2001, the Public Enterprise PTT BH Saobraćaj was reorganized, and two new legal entities were formed as follows: PE BH Pošta Sarajevo and PE BH Telecom Sarajevo. The Company started its operations on 1 January 2002.

By the Decision of the Cantonal Court in Sarajevo, No. UF/I-520/04 of 12 March 2004, the Company was registered as the Joint-stock Company BH Telecom Sarajevo ("BH Telecom" or "Company", with the head office in Sarajevo, Obala Kulina bana 8. As of 30 June 2014, the Company changed head office location and moved to: Franca Lehara 7, Sarajevo.

The Company provides telecommunications services at the local, national and international level through the services of fixed telephony, mobile telephony, internet services (BIHNET), data transfer (BIHPAK) and IPTV television. The Company's operations are organized through 10 organizational units - business areas.

As at 31 December 2025, the Company had 2,916 employees (31 December 2024: 2,953 employees). The average number of employees in the Company for the period from 1 January to 31 December 2025 amounted to 2,938 (1 January to 31 December 2024: 2,951 employees).

According to the form of organization, the Company is organized as a "joint stock company", with a share capital of KM 634,573,580.00, which is divided into 63,457,358 ordinary shares of the same class, with a nominal value of KM 10.00 each. The registration of shares on the Register of the FBiH Securities Commission was carried out by Decision No. 03-19-101/04 dated 19 February 2004. The owner of 57,114,378 shares or 90.0043% of the capital is the Federation of BiH - Federal Ministry of Transport and Communications and the owners of 6,342,980 shares or 9.9957% of the capital are small shareholders. The Company's shares are listed on the Sarajevo Stock Exchange. The basic act of the Company is the Statute, which, in accordance with the law, regulates issues of importance for its legal status and operations, share capital and shares, management and status changes of the Company.

The Company's bodies are the General Assembly, the Supervisory Board, the Management Board and the Audit Committee.

The Shareholders' Assembly consists of the shareholders. The Government of the Federation of Bosnia and Herzegovina, as the majority shareholder, appoints the Chairperson of the Shareholders' Assembly, who presides over its sessions.

The Supervisory Board consists of the Chairperson and six members.

(All amounts are presented in thousands of KM, unless otherwise stated) 19

1. GENERAL INFORMATION ABOUT THE GROUP (continued)

In the period from **1 January 2025 to 31 December 2025 the Supervisory Board** was composed of:

- Sedad Avdić	Chairman
- Faruk Hadžić	Deputy Chairman, resigned on 29 December 2025.
- Samir Čorbo	Member (resigned on November 29, 2024). Dismissed by the Shareholders' Assembly on 30 June 2025.
- Ela Halilhodžić	Member
- Alma Ustavdić	Member
- Zoran Marijanović	Member
- Hasan Hasić	Member
- Mirnes Fatić	Acting Member of the Supervisory Board. Appointed on 24 October 2025.

The Company's Management Board consists of the General Manager and Executive Managers. The Management Board is the governing body responsible for the operations of the Company. Each member of the Management Board is responsible for one corporate or business unit.

In the period from 1 January 2025 until 10 October 2025, the Company's Management Board consisted of:
1. Amel Kovačević, General Manager (Appointed as General Manager for a four-year term starting from 27 September 2024.)
2. Erdal Islamagić, a.i. Executive Manager for Business Development from 10 October 2024 to 10 October 2025. He was relieved of duty as Acting Executive Director on 10 October 2025.
3. Damir Čauš, a.i. Executive Manager for Legal Affairs, Organization and Human Resources Management from 10 October 2024 to 10 October 2025
4. Muamer Durić, a.i. Executive Manager for Technology and Services Development from 10 October 2024 to 10 October 2025
5. Anisa Lojo - Bajrić, a.i. Executive Manager for Economic and Financial Affairs from 10 October 2024 to 10 October 2025
6. Saša Palinić, a.i. Executive Manager for Investments from 10 October 2024 to 10 October 2025
7. Semir Ibrahimović, a.i. Executive Manager for Information Technologies from 10 October 2024 to 10 October 2025

In the period from 11 October 2025 until 31 December 2025, the Company's Management Board consisted of:
1. Amel Kovačević, General Manager (Appointed as General Manager for a four-year term starting from 27 September 2024.)
2. Damir Čauš, Executive Manager for Legal Affairs, Organization and Human Resources Management, Appointed as Executive Manager on 11 October 2025.
3. Muamer Durić, Executive Manager for Technology and Services Development. Appointed as Executive Manager on 11 October 2025.
4. Anisa Lojo - Bajrić, Executive Manager for Economic and Financial Affairs. Appointed as Executive Manager on 11 October 2025.
5. Saša Palinić, Executive Manager for Investments. Appointed as Executive Manager on 11 October 2025.
6. Semir Ibrahimović, Executive Manager for Information Technologies. Appointed as Executive Manager on 11 October 2025.
7. Haris Lučkin, Executive Manager for Business Development. Appointed as Executive Manager on 11 October 2025.

Audit Committee from 1 January 2025 until 2 February 2025
- Dika Hodžić, Chairman
- Esad Osmanbegović, Member
- Dina Džano-Sokolović, Member

Audit Committee from 9 April 2025 until 31 December 2025
1. Dika Hodžić, Chairman
2. Dina Džano-Sokolović, Member
3. Azra Delić, Member, appointed on 9 April 2025.

(All amounts are presented in thousands of KM, unless otherwise stated)

2. BASIS OF PREPARATION

The separate financial statements (hereinafter referred to as the "financial statements") have been prepared in accordance with the financial reporting framework in the Federation of Bosnia and Herzegovina ("Framework").

The Financial Reporting Framework includes the Law on accounting and auditing of the FBiH (Official Gazette of the FBiH, 15/21) (hereinafter "Law"), accounting regulations and standards in accordance with articles 2, 4 and 25 of the Law which requires that recognition, measurement, presentation and disclosure of financial statement captions should be done in accordance with requirements and principles of International Accounting Standards and International Financial Reporting Standards which are translated, published and adopted until the date of this report, by the Supervisory Board of Association of Accountants, Auditors and Financial Professionals of the FBiH as authorized professional body in accordance with article 136 paragraph (1) and article 125 paragraph (5) item f) of Law and available for the public on the internet page of the Association in accordance with article 125 paragraph (6). Translation and publishing are based on the Decision of authorizations for translation and publishing no, 2-11/06 from 10 March 2006 (Official Gazette of the BIH no. 81/06), issued by the Commission for Accounting and Auditing of BiH. Framework includes and other appropriate regulations in accordance with article 2 paragraph (1) item c) of the Law.

Furthermore, in accordance with article 137 of the Law the Framework includes the following bylaws: Bylaw of chart of accounts and content of accounts for companies issued by the Federal Ministry of Finance, in accordance with article 17 paragraph (8) of the Law (Official Gazette of the FBiH, 81/21) and Bylaw of the content and form of the financial statements for companies issued by the Federal Ministry of Finance, in accordance with article 39 paragraph (3) of the Law (Official Gazette of the FBiH, 81/21).

Although the applicable accounting regulations are based on the requirements of the International Financial Reporting Standards ("IFRS"), there are differences in the presentation of individual items, disclosures, as well as newly adopted standards (e.g., IFRS 17 is effective as of 1 January 2027) and therefore these financial statements cannot be considered to be in compliance with IFRS.

Basis of measurement

These financial statements have been prepared under the historical cost principle, except for the following items which are measured on an alternative basis at each reporting date:

Item	Basis of measurement
Financial assets at fair value through other comprehensive income	Fair value
Provisions for employee benefits - severance pay	Fair value of the liability, in accordance with the requirements of IAS 19

2. BASIS OF PREPARATION (continued)

Functional currency and presentation currency

The amounts presented in the financial statements are expressed in Convertible Marks (KM), which is the functional and legal currency in Bosnia and Herzegovina. All amounts are stated in thousands of KM, rounded to the nearest thousand, unless otherwise indicated.

Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS adopted by the Company as of 1 January 2024:

Effective Date	New Standards and Amendments to Existing Standards
1 January 2025	*Lack of Exchangeability - Amendments to IAS 21 (August 2023)*

Application of new or amended standards did not have a significant impact of the Company's financial statements.

New standards not yet effective

The following new standards, interpretations and amendments to existing standards issued by the IASB were not yet effective and were not early adopted by the Company:

Effective Date	New Standards and Amendments to Existing Standards
1 January 2027	*IFRS 18 Presentation and Disclosure in Financial Statements*
	IFRS 19 Subsidiaries without Public Accountability: Disclosures
Available for optional application / effective date postponed indefinitely	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*

New IFRS 17 Insurance contracts will replace IFRS 4. It applies to annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted. Application of this standard in Federation of Bosnia and Herzegovina has been prolonged until 2026. This new standard as well as its amendments are not expected to result in any significant changes within the Company.

Application of these standards did not have a significant impact on the Company's financial statements.

3. MATERIAL ACCOUNTING POLICIES

Revenue recognition

The Company generates revenue from the following product:

Mobile services - Revenue from mobile services mainly relates to revenue from prepaid and postpaid services: calls, text and multimedia messages, monthly subscription fees, data transmission, as well as sales of mobile devices and other services. Revenue from prepaid services is recognized based on the usage of minutes and data or on a straight-line basis over the contract period for capacity. Prepaid amounts are recognized as a contract liability until use or expiration of the services.

Fixed services - Revenue from mass market and corporate market services, revenue from incoming and outgoing calls, international roaming and data exchange is recognized over time, during the period the service is provided, while invoicing is on a monthly basis. Prepaid fees collected from customers (advances) are recognized as contract liabilities until the services are used.

Sale of equipment - Where separable, revenue from the sale of equipment is recognized when significant risks and rewards of ownership are transferred to the customer. When equipment is sold in installments, revenue is recognized at the present value of future payment discounted using the appropriate interest rate. When the Company acts as an agent and not as the principal, revenue is recognized on a net basis, i.e., as a commission fee.

Sale or Delivery of Content - Revenue realized from sales or delivery of content (audio, video, games, etc. through the Moja TV service) is recognized when the content is delivered to the user. Revenue is recognized over time during the contract period with the customer.

IFRS 15 has a particular impact on the following transactions

Multiple element arrangements - In the case of multiple-element arrangements (e.g. contract for mobile service plus mobile device, with subsidized products delivered in advance), the transaction price is allocated to performance obligations in the contract based on their relative stand-alone selling prices. The standalone selling prices of devices are determined using price lists. As a result, a larger portion of the total consideration is attributable to the component delivered in advance (device), requiring earlier recognition of revenue which results in higher revenue from sale of goods and lower revenue from service provision. This leads to the recognition of a contract asset in the statement of financial position. The contract asset is amortized over the remaining term of the contract.

Material rights - Material rights which are granted to customers at contract inception with the option to be exercised at a later point in time mainly relate to granted budgets - the total transaction price of the combined contract is allocated to the individual, separate performance obligations based on their relative stand-alone selling prices. A larger portion of the total consideration is allocated to the material right (e.g., the right to a future subsidy on a mobile device). This liability to the customer for future subsidies is recognized as a contract liability until exercised or expired.

Discounts or uneven transaction prices - When monthly service fees are charged unevenly throughout the contract period, while the service is provided evenly to the customer, revenue is recognized on a straight-line basis.

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

One-time payments - One-time payments made in advance by customers that do not meet the definition of a separate performance obligation, but instead represent prepayments for future services, are deferred and recognized as revenue over the (remaining) contract period and presented as contract liabilities.

Loyalty program - For subscribers participating in the loyalty program, the Company allocates a portion of the consideration received to loyalty points. This allocation is based on relative stand-alone selling prices. The amount allocated to the loyalty program is deferred and recognized as revenue when the points are redeemed, when the likelihood of redemption becomes remote, or when they expire. Deferred revenue is recognized as a contract liability.

Contract costs (contract acquisition and contract fulfilment cost) - The standard permits the capitalization and amortization of sales commission costs (costs of acquiring a customer) over the estimated useful life of the customer contract. The Company recognizes these costs within other assets.

The five-step model applied to recognition of revenue from contracts with customers is presented below:

1. step: Identify the contract(s) with a customer
2. step: Identify the performance obligations in the contract
3. step: Determine the transaction price
4. step: Allocate the transaction price to the performance obligations in the contract
5. step: Recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized for each distinct performance obligation in the contract at the amount of the transaction price. The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring promised goods or services to the customer.

In cases where the Company is an intermediary between another supplier and the customer, the Company assesses whether it is acting as a principal or as an agent on behalf of the supplier. The key factor is whether the Company obtains control of the goods or services before they are transferred to the end customer. In other words, it is assessed whether the Company recognizes revenue on a gross basis (as a principal) or net basis (as an agent), i.e., as a commission fee. This is relevant for the sale of devices the Company sells in the course of its ordinary activities and is considered at the level of each individual contract with suppliers.

For contracts that contain more than one performance obligation (multiple-element arrangements), the Company allocates the transaction price to the performance obligations based on their relative stand-alone selling prices (SSPs). The stand-alone selling price is the price at which the Company would sell the promised good or service separately to a customer.

The allocation based on relative stand-alone selling prices is performed as follows: first, the stand-alone selling price of each performance obligation is divided by the sum of the stand-alone selling prices of all performance obligations. This ratio is then multiplied by the transaction price. The result is the relative stand-alone selling price.
Revenue is recognized when performance obligations are satisfied by transferring control of the promised goods or services to the customer.

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Control over goods (e.g., sale of equipment) is transferred when the goods are delivered to the customer, the customer has full discretion over the goods and there is no outstanding obligation that could affect the customer's acceptance of the goods. Delivery is considered completed when the goods are shipped to a specified location and the risks of obsolescence and loss are transferred to the customer. Control over the goods is typically transferred at a point in time.

Control over services (e.g., telecommunications services, maintenance services, sale of licenses, etc.) is transferred either over time or at a point in time, which impacts revenue recognition. Revenue from service provision is recognized in the period in which the services are performed. If the service performance spans more than one period, the input method (based on incurred costs) and the output method (based on units/tasks delivered) are used to measure progress toward complete fulfillment.

The output method is used for mass-market services (e.g., voice and data services provided monthly to users) as well as for system solutions (e.g., equipment installation, where the time between the start of work and service delivery is not long and/or both parties regularly confirm the work performed). The input method is mainly used for complex system solutions (e.g., the development of a solution tailored to a specific customer that takes a longer time), where revenue is recognized monthly based on costs incurred to reflect progress toward complete fulfillment in periods where mutual confirmations have not yet been received.

The total amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at 31 December 2025 amounts to KM 7,663 thousand (Note 42). The Group expects to recognize this amount as revenue over the following 24 months.

When determining the transaction price, the Company adjusts the promised amount of consideration for the effects of the time value of money if the payment terms agreed by the parties (explicitly or implicitly) provide the customer or the Company with a significant financing benefit in relation to the transfer of goods or services to the customer.

The Company applies the practical expedient not to consider a significant financing component if the maximum period between the transfer of goods or services and payment by the customer is one year or less.

The standard defines the accounting treatment of individual contracts with customers. However, it is also permissible to apply the standard to a portfolio of contracts, provided that: the contracts grouped in the portfolio have similar characteristics and applying the standard to the portfolio does not result in materially different outcomes compared to accounting on an individual contract basis.

The Company applies revenue recognition in accordance with IFRS 15 to both contract portfolios and individual contracts. The standard is applied to contract portfolios for mass-market products, while for customized solutions it is applied at the level of individual contracts. The portfolio is defined within each relevant business segment and is established in accordance with the usual requirements for contract-level alignment.

3. MATERIAL ACCOUNTING POLICIES (continued)

Dividend Income

Dividend income is recognized when the Company's right to receive payment is established.

Subscriber acquisition costs, advertising and related costs

Subscriber acquisition and retention costs are recognized as an expense in the period in which they are incurred. Additional contract acquisition costs that would not have been incurred if the contract had not been obtained (e.g., sales commissions, cash bonuses for acquiring new or retaining existing customers) are capitalized, as they are expected to be recovered in future periods. The costs of advertising, promotion, sponsorship, communications, brand marketing are recognized as an expense in the period of occurrence.

Leases

The Company assesses whether a contract is or contains, a lease at the inception of the contract. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee uses its incremental borrowing rate. The Company determines the incremental borrowing rate by obtaining interest rates from various external sources and makes necessary adjustments to reflect the lease term and the nature of the leased asset.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives received;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the lease commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising the option to terminate the lease.

The lease liability is presented as part of financial liabilities at amortized cost under Note 39.A) Lease Liabilities.

The lease liability is subsequently measured at amortized cost using the effective interest method, increasing the amount to reflect interest on the lease liability and reducing it to reflect lease payments made.

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

The Company remeasures the lease liability (and adjusts the corresponding right-of-use asset) whenever:

- The lease term has changed or there has been a significant event or change in circumstances that results in a change in the assessment of the purchase option being exercised. In such cases, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- Lease payments change due to changes in indexes or rates or changes in expected payments below the guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease changes arise from a change in variable interest rates, in which case the revised discount rate is used).
- The lease contract is modified and the modification is not accounted for as a separate lease. In such cases, the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate applicable at the date of the modification.

.The right-of-use asset includes the initial measurement of the corresponding lease liability, lease payments made on or before the commencement date, less any lease incentives received and any initial direct costs. Subsequently, it is measured at cost less accumulated depreciation and impairment losses.

Whenever the Company has an obligation for dismantling and removing the leased asset, restoring the site where it is located or restoring the leased asset to the condition required by the lease terms and conditions, a provision is recognized and measured in accordance with IAS 37. To the extent the costs relate to the right-of-use asset, they are included as part of the related right-of-use asset, unless such costs are incurred for the production of inventories.

Right-of-use assets are depreciated over the shorter of the lease term or the useful life of the asset. If the lease transfers ownership of the underlying asset or if the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the associated right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation begins on the lease commencement date.

Right-of-use assets are presented in a separate note in the statement of financial position.

As a practical expedient, IFRS 16 permits lessees not to separate non-lease components and instead account for any lease and associated non-lease components as a single arrangement. The Company has applied this practical expedient for contracts where lease components are not separated from other components. For contracts that include a lease component and one or more additional non-lease components, the Company allocates the consideration in the contract to each lease component based on the relative stand-alone price of the lease component and the aggregate stand-alone prices of the non-lease components.

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

The Company as a Lessor

The Company enters into lease agreements as a lessor.

Leases in which the Company acts as lessor are classified as either finance or operating leases. Whenever the terms of a lease substantially transfer all the risks and rewards of ownership to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as either a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease.

Lease income from operating leases is recognized on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Company's net investment in respect of the leases.

When a contract includes both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract to each component.

Employee benefits

On behalf of its employees, the Company pays income tax and contributions for pension, disability, health and unemployment insurance, both from and on behalf of salaries, which are calculated at statutory rates during the year on gross salaries. The Company pays these taxes and contributions to the institutions of the Federation of Bosnia and Herzegovina, at the federal and cantonal levels, the Republic of Srpska and Brčko District. Furthermore, allowances for meals, transportation to/from and holidays are paid in accordance with local legislation. These expenses are recognized in the statement of comprehensive income in the period in which they are incurred.

Retirement benefits

The Company pays retirement benefits in the amount of KM 13,500 per employee (before 2025: KM 12,000 per employee). The Company has no other plans for post-retirement payments to employees or management in Bosnia and Herzegovina.

The costs of providing benefits are determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting period date. Actuarial gains and losses are recognized in full in the period in which they occur.

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation, adjusted for unrecognized past service costs.

3. MATERIAL ACCOUNTING POLICIES (continued)

Finance income and expenses

Finance income includes interest income on invested funds (including financial assets held for sale), default interest charged on customer receivables, dividend income and positive changes in the fair value of financial instruments through profit or loss. Interest income is recognized on an accrual basis in the statement of comprehensive income using the effective interest method.

Finance costs include interest expenses (including interest based on leases according to IFRS 16) and the unwinding of discounts on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in the statement of comprehensive income using the effective interest method. Foreign exchange gains and losses are recognized on a net basis.

Foreign currencies

Transactions in currencies other than Convertible Marks are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are not denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Gains and losses arising on exchange are included in the statement of profit and loss for the period when they occur.

3. MATERIAL ACCOUNTING POLICIES (continued)

Taxation

Income tax includes current and deferred tax.

Current Income Tax

The current tax liability is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss and other comprehensive income because it excludes items of income and expenses that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred Income Tax

Deferred tax is the amount of income tax payable or recoverable in future periods as a result of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilized. Deferred tax is calculated using tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is recognized in profit or loss, except when it relates to items recognized directly in equity, in which case the deferred tax is also recognized directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle them on a net basis.

Intangible assets

Intangible assets are measured initially at acquisition cost less accumulated amortization and impairment and are amortized on a straight-line basis over their estimated useful lives. Amortization is calculated in the basis of estimated useful life of the asset, using the straight-line method as follows:

	2025	**2024**
Licenses	1 to 8.3 years	1 to 8.3 years
Software	5 years	5 years
Other intangible assets	2 to 25 years	2 to 25 years

Content costs are recognized as intangible assets (IPTV content, included under the item Concessions, patents, licenses, software and other rights) at the beginning of the contract, provided that the following conditions are fulfilled in order for contracts with content providers to be recognized as intangible assets:

- The contract term must be longer than one year,
- The cost is determined or determinable,

(All amounts are presented in thousands of KM, unless otherwise stated) 30

3. MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (continued)

- The contracted rights must be of a permanent nature,
- The costs under the contract are inevitable,
- Termination conditions are not defined or if defined, relate to breaches of material rights, force majeure, bankruptcy or similarly severe circumstances.

Assets recognized under such contracts are amortized over the term of the contract. Content contracts that do not meet the capitalization criteria are recognized as an expense and presented under "Other operating expenses and costs" in the statement of comprehensive income.

Costs of own content production (audiovisual, movie and multimedia content) or acquiring reproduction rights for third-party content are recognized as intangible assets (included under Other intangible assets) when the following criteria are met: the asset is identifiable, the Company controls the asset and the asset is expected to generate future economic benefits. The asset is recognized if: a) it is probable that the expected future economic benefits attributable to the asset will flow to the Company and, b) the cost of the asset can be reliably measured.

Property, plant and equipment

Property, plant and equipment are initially measured at acquisition cost, less accumulated depreciation and impairment losses. Acquisition cost includes the purchase price and all directly attributable costs necessary to bring the asset to working condition for its intended use. Ongoing maintenance and repair costs, replacements and minor capital maintenance are recognized as expenses when incurred. The costs of significant capital maintenance and replacements are capitalized.

Assets under construction, which are being built for the purpose of providing services or for administrative use, are stated at acquisition cost less any impairment losses. The acquisition cost also includes professional fees. Such assets are reclassified to the appropriate categories of property, plant and equipment once they are completed and ready for their intended use.

Depreciation begins when the asset is ready for its intended use. Depreciation is calculated based on the estimated useful life of the asset, using the straight-line method as follows:

	2025	**2024**
Buildings	5 to 77 years	5 to 77 years
Networks and distributors	14.25 to 40 years	14.25 to 40 years
Switchboards and portable devices	2 to 12.5 years	2 to 12.5 years
Other tangible assets	2 to 10 years	2 to 10 years

Gains and losses arising from the disposal or derecognition of property, plant and equipment are recognized in the statement of comprehensive income in the period in which they occur.

3. MATERIAL ACCOUNTING POLICIES (continued)

Investments in subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls a subsidiary when it is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investments in subsidiaries are stated at acquisition cost, less any impairment, if necessary.

Impairment of assets

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its assets, other than inventories and deferred tax assets, to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated to determine the extent of impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of net selling price and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset (or the cash-generating unit).

If the estimated recoverable amount of an asset (or cash-generating unit) is lower than its carrying amount, then the carrying amount of that asset (or cash-generating unit) is reduced to its recoverable amount.

The impairment losses are recognized immediately in profit or loss statement.

Where an impairment loss is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years.

The reversal of an impairment loss is recognized as income immediately in profit or loss statement.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, if applicable, direct labor costs and those overheads that have been incurred in bringing the inventory to their present location and condition. Cost is determined using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and selling costs.

Impairment is recognized for inventories that are damaged, in whole or in part out of date or retained longer in stock, useless (stocks of poor quality and technologically obsolete stocks).

3. MATERIAL ACCOUNTING POLICIES (continued)

Donations

Donations for assets, which include non-cash donations, are initially recognized as deferred income at fair value, which is recognized as income from donations on a systematic basis over the useful lives of these assets. Deferred revenue is recognized in income in the amount of depreciation on a straight-line basis over the estimated period of future economic life of the donated asset.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) because of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting period date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, their carrying amount is the present value of those cash flows.

Provisions are released only for such expenditures in respect of which provision are recognized at inception. If the outflows of economic benefits to settle the obligations is no longer possible, the provision is reversed.

Financial instruments

Financial assets

The Company classifies its financial assets into the following measurement categories:

a. assets subsequently measured at fair value (or through other comprehensive income or through profit or loss),
b. assets measured at amortized cost.

Trade receivables are initially recognized when they originate. All other financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

At initial recognition, the Company measures a financial asset at fair value plus transaction costs directly attributable to the acquisition of the financial asset, in cases where the financial asset is not measured at fair value through profit or loss.

There are three measurement categories into which the Company classifies its debt instruments.

a) Amortized cost: Assets held for the collection of contractual cash flows, where those cash flows represent solely payments of principal and interest (SPPI), are measured at amortized cost. The Company classifies the following financial assets in this category:

- Trade receivables;
- Cash and cash equivalents
- Other financial assets that meet the SPPI classification test and are held within a business model of "hold to collect.'

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

b) Fair value through other comprehensive income (FVOCI): Assets held both for the collection of contractual cash flows and for selling the financial assets, where the cash flows represent solely payments of principal and interest, are measured at FVOCI.

c) Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at FVTPL.

The Company subsequently measures all equity instruments at fair value through other comprehensive income.

Impairment of Non-Derivative Financial Assets

The Company recognizes impairment losses for expected credit losses (ECL) related to:

- Financial assets measured at amortized cost (such as debt instruments, deposits, loans given to employees, trade receivables and other receivables)
- Contract assets.

The Company measures the impairment amount equal to the lifetime expected credit losses, except for the following, which are measured based on 12-month expected credit losses:

- Debt instruments that have low credit risk at the reporting date; and
- Other instruments and balances with banks for which the credit risk has not significantly increased since initial recognition.

Impairment of trade receivables (including lease receivables) and contract assets is always measured at the amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analyses, based on the Company's historical experience and informed credit assessments, including forward-looking information.

The Company considers that the credit risk of a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be credit-impaired (in default) when the debtor is unlikely to pay its credit obligations to the Company in full, without the recourse by the Company to actions such as realizing collateral (if any is held) or when the financial asset is more than 90 days past due (three months).

The Company considers a financial instrument has low credit risk if its credit rating is equivalent to the globally accepted definition of "investment grade."

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of non-derivative financial assets (continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating expected credit losses is the maximum contractual period during which the Company is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the contractual cash flows due to the entity in accordance with the contract and the cash flows the Company expects to receive). These expected losses are discounted using the effective interest rate of the financial asset.

For debt instruments measured at amortized cost or FVOCI, the Company estimates expected credit losses based on forward-looking information, irrespective of whether there are any indications of impairment.

For current trade receivables without a significant financing component, the Company applies the simplified approach and measures lifetime expected credit losses from initial recognition.

The Company uses the impairment matrix by which the impairment losses are calculated for trade receivables according to their age structure or maturity periods.

To measure expected credit losses, trade receivables are grouped on the basis of common credit risk characteristics, and non-recovery analysis is carried out over the previous 5 years to determine the overall ratio of entering into default.

Default rates are calculated for the following aging intervals: up to 30 days; 31 to 60 days; 61 to 90 days; 90 to 365 days; and over 365 days past due.

The Company applies a three-stage impairment model for financial assets, excluding trade receivables:

a) Stage 1 - consists of the amount for which the credit risk has not increased significantly from the moment of initial recognition. Expected credit losses are determined based on the probability of entering a default status within the next 12 months (i.e., the total expected credit loss multiplied by the probability that the loss occur over the next 12 months).

b) Stage 2 - consists of the amounts for which a significant increase in the credit risk from the initial recognition period has been identified, but for which no objective evidence of impairment exists. Expected credit losses are based on the probability of entering a default status during the term of the contract.

c) Stage 3 - consists at amounts for which there is objective evidence of impairment.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Measurement of Expected Credit Losses (continued)

Trade receivables are classified into either Stage 2 or Stage 3:

a) Stage 2 - consists of receivables for which a simplified approach to measurement of expected credit losses is applied during the term of the contract, except for certain customer receivables classified in Stage 3.

b) Stage 3 - consists of receivables from customers that have matured more than 90 days or for which an impairment loss is individually identified.

Presentation of Expected Credit Losses in the Statement of Financial Position

The impairment amount for financial assets measured at amortized cost is deducted from the gross carrying amount of the asset.

Write-off

Financial assets are written off, in whole or in part, when the Company has exhausted all practical recovery efforts and concludes that there is no reasonable expectation of recovery. This usually occurs when the asset is at least 365 days past due.

The Company derecognizes a financial asset only when the contractual rights to the cash flows expire or when it transfers the financial asset and substantially all the risks and rewards of ownership to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for the amounts it may have to pay.

In the case of derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the consideration received and receivable is recognized in the statement of profit or loss. Furthermore, upon derecognition of an investment in a debt instrument measured at FVOCI, the cumulative gain or loss previously recognized in the revaluation reserve is reclassified to profit or loss. For equity instruments where the FVOCI option has been elected, gains or losses on disposal are not recognized in profit or loss.

Financial liabilities

Financial liabilities are initially recognized at fair value less transactions costs and are subsequently measured at amortized cost using the effective interest rate. The Company derecognizes financial liabilities when and only when the Company's liabilities have ceased, cancelled or expired.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash outflows (including all fees and points paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, where appropriate, a shorter period.

3. MATERIAL ACCOUNTING POLICIES (continued)

Equity and reserves

Shareholders' equity

Shareholders' equity includes paid in ordinary shares and is expressed in KM at nominal value.

Statutory reserves

Statutory reserves are formed by transfers of at least 10% of realized profit stated by the yearly income statement over a period of 5 years, until they reach a minimum of 25% of the Company's shareholders' equity.

The Company announces basis and diluted earnings per share. The basic earnings per share are calculated by dividing the profit for the current period for the ordinary shareholders of the Company, weighted by the average number of ordinary shares, during the period, excluding ordinary shares purchased from the Company and classified as treasury shares.

Retained Earnings

Profit for the year after distribution to the owners and allocations to other reserves is allocated to retained earnings.

Fair value reserves

Fair value reserves for financial assets classified as financial assets at fair value through other comprehensive income include changes in the fair value of these assets.

Dividends
Dividends on ordinary shares are recognized as a liability in the period in which they are approved by the Company's shareholders.

Earnings per share

The Company discloses basic and diluted earnings per share. The basic earnings per share are calculated by dividing the profit for the current period for the ordinary shareholders of the Company, weighted by the average number of ordinary shares, during the period, excluding ordinary share, during the period, excluding ordinary shares purchased from the Company and classified as treasury shares. During 2025 and 2024, there were no dilution effects.

4. USE OF JUDGEMENTS AND ESTIMATES

In the application of the Company's accounting policies, which are described in Note 3, Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimations. The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affects both current and future periods.

Information on judgments made in applying accounting policies that have the most significant impact on the amounts recognized in the financial statements is provided in the following notes:

- **Note 3, Note 6: Revenue recognition** - whether revenue is recognized over time or at a point in time;
- **Note 3, Note 6: Revenue recognition** - whether the contract with the customer contains one or more performance obligations;
- **Note 3, Note 26: Intangible assets** - whether the contract for content costs (IPTV services) and own production costs meet the criteria for recognition as intangible assets.

Assumptions and estimation uncertainties

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period data, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- **Note 3: Useful life of assets** - The Company reassesses the useful life of property, plant and equipment and intangible assets at the reporting date. This is a critical accounting estimate since it involves assumptions about technological development in an innovative industry and is heavily dependent on the Company's investment plans. Further, due to significant weight of depreciable assets in the Company's total assets, the impact of significant changes in these assumptions could be material to the financial position and results of operations.
- **Note 3: Impairment of trade receivables and contract assets** - Impairment allowance for receivables and contract assets is based on estimated credit losses, calculated using a default rate. The default rate represents the actual credit risk, i.e., the probability that receivables will not be collected. The calculation of the default rate is based on the Company's historical data on the collection of trade receivables.

4. USE OF JUDGEMENTS AND ESTIMATES

Assumptions and estimation uncertainties (continued)

- **Note 3: Inventory impairment** - Management adjusts the carrying amount of inventories when net realizable value is estimated as lower than the purchase cost. For inventories over three years which will in the future be consumed in the production process or in the process of rendering services and for which is not possible to determine the net realizable value, partial write-off is performed using the percentages of 10% to 100% depending on the type and age of inventories in accordance with the accounting policies.

- **Note 3: Provisions for court proceedings** - The amount which has been recognized as provision for legal proceedings are estimation of expenses which are required to settle the liabilities when the possibility that there will be expenses are greater than that there will not be any expenses. In estimating the provisions, the Company considers legal experts' advice and Management estimates.

- **Note 3: Provisions for employee benefits** - Present value of liabilities for retirement benefits depends on many factors which are determined on actuary basis. The most significant assumptions include discount factor, mortality rates, expected increases in the employee benefits. Changes in assumptions can impact the carrying amount of liabilities.

4.1 DETERMINATION OF FAIR VALUE

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

The Company has established a control framework with respect to the measurement of fair values.

Fair values are measured based on information collected from third parties, the Management and the finance function assess the evidence obtained from third parties to support the conclusion that these valuations meet the requirements of the Accounting Standards, including the level within the fair value hierarchy into which those estimates should be classified.

Fair values are categorized into different levels within the fair value hierarchy based on the inputs used in valuation techniques, as follows:

- *Level 1* - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2* - inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- *Level 3* - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information regarding the assumptions made in determining fair value is included in the following Notes:

- **Note 3: Financial instruments**
- **Note 49: Financial instruments**

5. OPERATING SEGMENTS

By the decision of the Management Board of the Company applicable as of 1 January 2016, one business segment was established. Reporting at the Company level represents the segment reporting. Segment tracking by the Management Board is based on monitoring revenue, earnings, EBITDA, operating cash flows and capital investments.

(All amounts are presented in thousands of KM, unless otherwise stated)

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2025	2024
Revenue from contracts with related parties (subsidiary)*		
Revenue from sale of goods	-	5
Revenue from services:		
- Mobile telephony	4	3
- Internet services (BiHNET)	135	134
	139	**137**
Total Revenue from contracts with related parties (subsidiary)*	139	142
Revenue from sale of goods on the domestic market		
Revenue from sale of goods	66,683	65,594
	66,683	***65,594***
Revenue from services (domestic market)		
Mobile telephony	255,499	250,330
Bundle (Moja TV)	61,796	57,088
Fixed telephony	38,596	41,262
Internet services (BiHNET)	79,107	75,240
National traffic	10,921	11,090
Data transfer (BiHPAK)	2,809	2,516
VPN ("Top tim" and "Moja porodica")	1,508	1,539
Telegraph	40	30
Other services	3,365	3,637
	453,641	**442,733**
	520,324	**508,327**
Revenue from services (foreign market)		
MPLS VPN services	9,506	11,114
Moja WEB TV foreign	42	22
Roaming services	9,652	8,720
	19,200	**19,856**
Total Revenue from contracts with unrelated parties	**539,524**	**528,183**
Total Revenue from contracts with customers	**539,663**	**528,325**

* Refers to the subsidiary. A complete overview of transactions with related parties and the basis of the relationship is presented in Note 48.

(All amounts are presented in thousands of KM, unless otherwise stated) 41

6. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Disaggregation of revenue from contracts with customers

	2025	2024
Primary geographical markets		
- Bosnia and Herzegovina	520,463	508,469
- Foreign markets	19,200	19,856
Total revenue from contracts with customers	**539,663**	**528,325**
Main products and services		
- Goods and products	66,683	65,599
- Services	472,980	462,726
Total revenue from contracts with customers	**539,663**	**528,325**
Timing of revenue recognition		
- At a point in time	66,683	65,599
- Over time	472,980	462,726
Total revenue from contracts with customers	**539,663**	**528,325**
Principal / agent		
- Principal	538,960	527,665
- Agent	703	660
Total revenue from contracts with customers	**539,663**	**528,325**

Balances arising from contracts with customers

The following table provides information about receivables, contract assets and contract liabilities arising from contracts with customers:

	2025	2024
Trade receivables *(Note 33)*	134,688	129,222
Contract assets *(Note 32)*	6,434	7,263
Accrued revenue *(Note 37)*	2,398	2,326
Contract liabilities *(Note 42)*	(7,663)	(8,715)
	135,857	**130,096**

The contract assets primarily relate to the Company's rights to consideration from multiple element arrangements and discounts. The contract assets are reclassified to trade receivables when rights become unconditional. This usually occurs when the Company issues an invoice to the customer.

The contract liabilities primarily relate to the advance consideration received from customers for activated but unused prepaid GSM cards, prepaid subscriptions, loyalty programs or unused customer rights under contracts. Revenue will be recognized as the services used by customers, which is expected to occur primarily within the next year. The amount of KM 6,840 thousand included in contract liabilities was recognized as revenue in 2025 (2024: KM 7,481 thousand).

(All amounts are presented in thousands of KM, unless otherwise stated) 42

6. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Accrued revenue relate to revenue accrued based on settlements with other telecommunications operators. Considering periodic billing, which is common practice between operators, the accrued revenue has been recognized for those receivables for which invoice has not been issued.

7. OTHER INCOME AND GAINS

	2025	2024
Other income and gains		
Lease income	7,566	5,342
Collection of previously written-off receivables	139	3,308
Derecognition of liabilities and reversal of provisions	3,588	3,427
Income from granting broadcasting rights of audiovisual (AV) content-related parties	905	1,606
Income from granting broadcasting rights of audiovisual (AV) content	599	264
Income from donations	69	84
Income from subsidies for the production of audiovisual works	52	-
Other income and gains	3,206	4,769
	16,124	**18,800**
Finance income		
Interest income		
Interest income from assets measured at amortized cost	8,741	6,251
Penalty interest from contracts with customers	601	608
	9,342	**6,859**
Net foreign exchange gains	-	257
Other finance income	785	340
	10,127	**7,456**
Net gains from derecognition of right-of-use assets and lease liabilities	202	1,161
Inventory surpluses and other positive adjustments	-	1
	202	**1,162**
Total Other income and gains	**26,453**	**27,418**

In 2025, the Company changed the presentation of movements in the impairment of trade receivables based on expected credit losses (ECL). In the current year, these changes are presented on a net basis within Losses on financial assets. In the prior year, increases and decreases in the impairment of trade receivables were presented on a gross basis within Losses on financial assets and Other income and gains, together with collected written-off receivables. This change relates to the presentation of items in the Statement of Comprehensive Income and has no impact on the Company's overall financial performance or equity.

Other income mainly relates to penalty income in the amount of KM 707 thousand (2024: KM 1,698 thousand), income from insurance claim settlements in the amount of KM 154 thousand (2024: KM 409 thousand) and various other incomes. Certain other income items have been recognized in accordance with the requirements of IFRS 15 but are presented as other income to comply with the Bylaw of the content and form of the financial statements for companies issued by the Federal Ministry of Finance of FBiH.

(All amounts are presented in thousands of KM, unless otherwise stated) 43

8. COST OF GOODS SOLD

	2025	2024
Cost of goods sold	64,946	62,232
	64,946	**62,232**

9.COST OF RAW MATERIALS AND SUPPLIES

	2025	2024
Raw materials and supplies consumed	2,656	2,939
Spare parts consumed	62	50
Write-off of small inventory items	358	244
Price discrepancy	(39)	(80)
	3,027	**3,153**

10. ENERGY AND FUEL

	2025	2024
Electricity consumed	11,459	9,146
Heating costs	1,002	1,001
Other fuel costs	1,335	1,377
	13,796	**11,524**

11. SALARIES AND OTHER EMPLOYEE BENEFITS

	2025	2024
Gross salaries and wages	120,372	116,665
Capitalized internal labor costs	(7,932)	(6,059)
Other employee costs	39,691	36,873
Costs of other engaged individuals, including board members	625	449
	152,756	**147,928**

As at 31 December 2025, the Company had 2,916 employees, which is 37 fewer compared to 31 December 2024 (2,953 employees). Employee expenses include KM 28,774 thousand (2024: KM 29,517 thousand) in contributions paid into the pension insurance fund. Other compensation includes salary-related benefits, business travel expenses, meal and transportation allowances and other employee benefits. In 2025, a one-time assistance payment in the amount of KM 4,693 thousand was additionally paid to employees (included under other employee compensation) (2024: KM 4,283 thousand). The average number of employees in the Company for the period from 1 January to 31 December 2025 amounted to 2,937 (2024: 2,951 employees).

(All amounts are presented in thousands of KM, unless otherwise stated)

12. DEPRECIATION AND AMORTIZATION

	2025	2024
Property, plant and equipment	65,183	67,185
Intangible assets	25,335	25,263
Right-of-use assets	14,738	12,405
Other non-current asset from contracts with customers	30	14
	105,286	**104,867**

13. COST OF SERVICES

	2025	2024
Maintenance costs	25,484	24,275
Advertising and marketing	7,551	6,362
Sales intermediation costs	6,027	6,822
Services related to production and finishing	4,179	2,546
Research costs	279	238
Lease costs	114	120
Other services	4,193	2,848
	47,827	**43,211**

Other services relate to cleaning services, waste disposal, water supply, healthcare services, as well as intellectual services such as auditing, legal, consulting and other services.

14. OTHER OPERATING EXPENSES

	2025	2024
Postal and telecommunications services	59,002	61,106
Taxes, fees, levies	17,598	17,222
Insurance premium costs	1,716	1,755
Payment transaction costs	1,395	1,126
Membership fees	682	687
Representation expenses	317	326
Other non-material costs	2,585	2,208
	83,295	**84,430**

The most significant components within the structure of postal and telecommunication service costs are content costs for Moja TV in the amount of KM 31,115 thousand (2024: KM 31,660 thousand), domestic postal services - delivery of invoices for telecommunication services in the amount of KM 6,282 thousand (2024: KM 6,240 thousand), national voice service in the amount of KM 5,998 thousand (2024: KM 5,762 thousand), international traffic termination - foreign operators in the amount of KM 4,264 thousand (2024: KM 4,744 thousand), production costs of content for Moja TV in the amount of KM 1,808 thousand (2024: KM 2,588 thousand) while other costs relate to the delivery of regular administrative mail, electronic mail - hybrid mail, international traffic transit and similar services.

(All amounts are presented in thousands of KM, unless otherwise stated)

15. LOSSES FROM NON-CURRENT NON-FINANCIAL ASSETS

	2025	2024
Net losses from the disposal of property, plant and equipment	1,455	1,475
Net impairment losses on property, plant and equipment	176	293
Net losses from the disposal of intangible assets	7	38
	1,638	1,806

Based on the analysis conducted by the Impairment Review Committee in accordance with IAS 36, an impairment of inventory related to investment materials and equipment (recognized as assets under construction) was made in the amount of KM 176 thousand as of 31 December 2025.

16. LOSSES FROM FINANCIAL ASSETS

	2025	2024
Impairment of trade receivables (regular receivables) - Note 33	1,844	4,854
Impairment of trade receivables (installments) - Note 33	(6)	25
Impairment of cash and cash equivalents - Note 35	(181)	(44)
Impairment of deposits - Note 30A	284	109
Impairment of bonds - Note 30B	46	-
Impairment of loans granted - Note 28	(1)	(1)
Impairment of other assets and receivables - Note 37	(10)	16
Impairment of contract assets - Note 32	(12)	69
Discount on instalment sales - Note 33	47	64
Direct write-off of receivables	108	25
Other losses on financial assets	(4)	1
	2,115	5,118

In 2025, the Company changed the presentation of movements in the impairment of trade receivables arising from expected credit losses (ECL). In the current year, these changes are presented on a net basis within Losses on financial assets. In the prior year, increases and reversals of impairment of trade receivables were presented on a gross basis within Losses on financial assets and Other income and gains, together with collections of previously written-off receivables. This change relates solely to the presentation of items within the Statement of Comprehensive Income and has no impact on the Company's results of operations or equity.

Based on the analysis performed by the impairment committee, an impairment of the carrying amount of inventory relating to investment materials and equipment (recognized as assets under construction) was recorded in the amount of KM 176 thousand as of 31 December 2025.

(All amounts are presented in thousands of KM, unless otherwise stated)

17. PROVISIONS, NET

	2025	2024
Provisions for unused vacations days	7,153	6,945
Provisions for retirement severance benefits	1,910	1,535
Provisions for court proceedings	(397)	3,457
	8,666	11,937

Although certain costs listed above are, by their nature, related to employee benefits, they are presented as provisions to comply with the Rulebook on the content and form of financial statements for companies issued by the Federal Ministry of Finance of the Federation of Bosnia and Herzegovina.

18. SHORTAGES AND OTHER NEGATIVE ADJUSTMENTS TO INVENTORIES

	2025	2024
Impairments of inventories	755	577
Losses on sale of raw materials and supplies	2	-
Shortages	16	2
	773	579

19. SHARE IN THE LOSS OF AN ASSOCIATE AND JOINT VENTURE USING THE EQUITY METHOD

	2025	2024
Other losses	-	-
	-	-

20. FINANCE COST

	2025	2024
Interest expense		
Interest expense for right-of-use assets	1,990	1,799
Interest expense for equipment dismantling	448	259
Interest expense on discounted trade receivables	439	330
Penalty interest expense	43	140
	2,920	2,528
Net foreign exchange losses	492	-
	3,412	2,528

(All amounts are presented in thousands of KM, unless otherwise stated)

21. OTHER EXPENSES AND LOSSES

	2025	2024
Inventory write-offs (raw materials, supplies, spare parts and small tools)	264	69
Losses on write-off of other assets and receivables	168	78
Other expenses and losses	1,805	3,917
	2,237	**4,064**

22. INCOME TAX

The total income tax recognized in the statement of comprehensive income is presented as follows

	2025	2024
Current income tax		
Current year	6,499	7,445
	6,499	**7,445**
Deferred income tax		
Effect of decrease in deferred tax assets	1,699	1,332
Effect of increase in deferred tax assets	(2,422)	(2,662)
Effect of increase in deferred tax liabilities	1,985	1,607
Effect of decrease in deferred tax liabilities	(1,262)	(1,354)
	-	**(1,077)**
Income Tax	**6,499**	**6,368**

Reconciliation between accounting profit and income tax expense is presented as follows:

	2025	2024
Profit before tax	**76,341**	**72,210**
Tax liability at the statutory rate of 10%	7,634	7,221
Tax effects:		
Tax effect of non-deductible expenses	104	89
Tax incentives - expenses for salaries of new employees	(1,284)	(991)
Tax effect of withholding tax paid outside Bosnia and Herzegovina	(7)	-
Tax credit - income tax for Brčko District	(135)	(130)
Tax credit - income tax for Republic of Srpska	-	(45)
Income tax payable in Republic of Srpska	-	49
Income tax payable in Brčko District	187	174
Previously utilized tax exemptions that are no longer applicable	-	1
Income tax expense	**6,499**	**6,368**
Effective income tax rate	8.51%	8.82%

(All amounts are presented in thousands of KM, unless otherwise stated) 48

22. INCOME TAX (continued)

income tax is calculated based on the Company's interpretation of current tax laws and regulations. This calculation, as presented in the corporate income tax return, may be subject to review and approval by the local tax authorities.

In accordance with the applicable laws, the Tax Administration has the discretionary right to determine the tax treatment of the business activities and transactions of any taxpayer. Accordingly, changes in business activity may be treated differently by the Tax Administration. As a result, the Company may be subject to additional taxes, penalties and interest, which can be significant.

Changes in temporary differences between deferred tax assets and deferred tax liabilities can be presented as follows:

	Net amount as at 31 December 2024					Balance as at 31 December 2025		
	Deferred tax assets	Deferred tax liabilities	Recognized in the statement of compre-hensive income	Recognized in other compre-hensive income	Recognized directly in equity	Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	4,723	-	554	-	-	5,277	5,277	-
Property, plant and equipment	-	(2,326)	(723)	-	-	(3,049)	-	(3,049)
Inventories	344	-	(30)	-	-	314	314	-
Deposits and cash	183	-	15	-	-	198	198	-
Financial assets at fair value through other comprehensive income	-	-	58	-	-	58	58	-
Provisions for court proceedings	1,108	-	(41)	-	-	1,067	1,067	-
Liabilities for employees' benefits	842	-	92	-	-	934	934	-
Other provisions	181	-	1	-	-	182	182	-
Trade receivables	1,011	-	74	-	-	1,085	1,085	-
Net tax asset / (liability)	**8,392**	**(2,326)**	-	-	-	**6,066**	**9,115**	**(3,049)**

23. EARNINGS PER SHARE

	2025	2024
Profit for the year (in KM)	**69,841,840**	**65,842,370**
Weighted average number of ordinary shares	63,457,358	63,457,358
Basic and diluted earnings per share (in KM)	**1.101**	**1.038**

(All amounts are presented in thousands of KM, unless otherwise stated)

24. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plants, equipment, furniture and vehicles	Other non-current tangible assets	Assets under construction	Advances for tangible assets	Total
COST							
As at 1 January 2024.	16,415	1,134,304	700,142	125	55,993	5	1,906,984
Increases	-	-	-	-	78,198	(4)	78,194
Decreases	-	(245)	(33,850)	-	(1,164)	-	(35,259)
Transfers from/(to) intangible assets	(12)	148	107	-	(7,741)	-	(7,498)
Transfer from/(to)	62	12,410	45,794	-	(58,266)	-	-
Other	2	114	(2,843)	-	(4,667)	-	(7,394)
As at 31 December 2024	**16,467**	**1,146,731**	**709,350**	**125**	**62,353**	**1**	**1,935,027**
Increases	-	-	-	-	54,065	-	54,065
Transfer to inventory	-	-	-	-	(1,619)	-	(1,619)
Decreases	-	(329)	(66,774)	-	(908)	-	(68,011)
Transfers from/(to) intangible assets	134	(2,308)	10,377	-	(7,475)	-	728
Transfer from/(to)	24	7,723	42,540	-	(50,287)	-	-
Dismantling	-	-	222	-	-	-	222
Other	-	-	231	-	-	-	231
As at 31 December 2025	**16,625**	**1,151,817**	**695,946**	**125**	**56,129**	**1**	**1,920,643**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
As at 1 January 2024	**1,483**	**767,397**	**554,855**	-	-	-	**1,323,735**
Depreciation for the year	34	22,402	44,749	-	-	-	67,185
Decreases	-	(208)	(33,591)	-	-	-	(33,799)
Transfers from/(to) intangible assets	-	169	85	-	-	-	254
Other	-	62	(2,219)	-	-	-	(2,157)
As at 31 December 2024	**1,517**	**789,822**	**563,879**	-	-	-	**1,355,218**
Depreciation for the year	13	19,834	45,336	-	-	-	65,183
Decreases	-	(305)	(65,251)	-	-	-	(65,556)
Transfers from/(to) intangible assets	60	(1,084)	7,513	-	-	-	6,489
Other	-	10	283	-	-	-	293
As at 31 December 2025	**1,590**	**808,277**	**551,760**	-	-	-	**1,361,627**
CARRYING AMOUNT							
As at 1 January 2024	**14,932**	**366,907**	**145,287**	**125**	**55,993**	**5**	**583,249**
As at 31 December 2024	**14,950**	**356,909**	**145,471**	**125**	**62,353**	**1**	**579,809**
As at 31 December 2024	**15,035**	**343,540**	**144,186**	**125**	**56,129**	**1**	**559,016**

(All amounts are presented in thousands of KM, unless otherwise stated)

24. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2025, BH Telecom d.d. Sarajevo has 817 properties recorded. Out of these, 777 properties are registered in the land registry, while the registration process for the remaining 40 properties is ongoing.

In 2025, the Company recognized an impairment loss on investment equipment that had not been utilized for one or more years, in the total amount of KM 176 thousand, charged to the 2025 profit or loss (2024: KM 293 thousand, recognized in profit or loss for 2024).

During the reporting period, the Company performed an analysis of the components and functionality of certain assets, which resulted in a reassessment of the manner in which economic benefits from these assets are consumed. As a result of this analysis, a portion of assets was reclassified from intangible assets to property, plant and equipment, as well as reclassified within classes of property, plant and equipment. A similar assessment is performed on an ongoing basis upon the capitalization of assets when individual components are recognized as part of a larger asset item. The change reflects new information and an improved understanding of the economic substance of the assets and is applied prospectively.

During 2025, as part of the annual review of useful lives of assets, the Company concluded that certain parts of the telecommunications network (access network and fiber optic connection routes), as well as equipment (MSAN/DSLAM devices, RAN BSC/RNC controllers, OSS and other services, IP/MPLS communication equipment), are expected to be in use for a longer period than initially estimated. The most significant changes relate to access networks and fiber optic connection routes, for which the useful life has been extended from 25 to 30 years. As a result of this assessment, the useful lives of the telecommunications network and equipment have been increased. The effects of this change on actual and expected depreciation expense are presented below.

	2025.	2026.	2027.	2028.	2029.	After
(Decrease)/Increase in depreciation and amortization expense	(2,072)	(1,845)	(1,605)	(1,392)	(1,318)	8,232

Assets under construction mainly relate to the Directorate building in Bihać, which is currently under construction (KM 4,454 thousand), as well as to ongoing projects associated with the construction or expansion of the network.

(All amounts are presented in thousands of KM, unless otherwise stated)

25. RIGHT-OF-USE ASSETS

	Buildings	Land	Equipment	Total
2024				
As at 1 January 2024	35,110	23,104	346	58,560
Depreciation for the year	(8,004)	(4,351)	(50)	(12,405)
Additions	8,278	12,406	74	20,758
Disposals	(1,632)	(5,032)	-	(6,664)
As at 31 December 2024	**33,752**	**26,127**	**370**	**60,249**
2025				
As at 1 January 2025	33,752	26,127	370	60,249
Depreciation for the year	(8,239)	(6,427)	(72)	(14,738)
Additions	4,750	14,280	406	19,436
Disposals	(568)	(1,801)	(55)	(2,424)
Transfer from/(to)	(1,080)	1,207	(127)	-
As at 31 December 2025	**28,615**	**33,386**	**522**	**62,523**

The Company leases several types of assets, including land, buildings and equipment. The average lease term is 10 years (2024: 10 years). A small portion of leases for land and buildings expired during the current financial year. Expired contracts were replaced with new lease agreements for the same underlying assets and new lease agreements were entered into during the year.

The increase in right-of-use assets, which includes new contracts or extensions of existing ones, amounts to KM 19,436 thousand, while the decrease, which includes expired contracts, terminated contracts and derecognition of road and public land, amounts to KM 2,424 thousand.

(All amounts are presented in thousands of KM, unless otherwise stated)

26. INTANGIBLE ASSETS

	Concessions, patents, licenses, software and other rights	Other intangible assets	Intangible assets under construction	Advances	Total
COST					
As at 1st January 2024	147,912	119,510	7,007	94	274,523
Additions	-	-	15,941	(37)	15,904
Disposals	(31,482)	(4,784)	(11)	-	(36,277)
Transfers from/(to) intangible assets	-	(243)	7,741	-	7,498
Transfers (from)/to	8,033	14,748	(22,781)	-	-
As at 31 December 2024	**124,463**	**129,231**	**7,897**	**57**	**261,648**
Additions	-	-	23,904	112	24,016
Disposals	(7,321)	(9,232)	(9)	-	(16,562)
Transfers from/(to) intangible assets	(7,434)	(769)	7,475	-	(728)
Transfers (from)/to	18,230	17,530	(35,760)	-	-
As at 31 December 2025	**127,938**	**136,760**	**3,507**	**169**	**268,374**
ACCUMULATED AMORTIZATION AND IMPAIRMENT					
As at 1st January 2024	111,860	90,708	-	-	202,568
Amortization for the year	16,144	9,119	-	-	25,263
Disposals	(31,482)	(4,781)	-	-	(36,263)
Transfers from/(to) intangible assets	-	(254)	-	-	(254)
Other	6	(178)	-	-	(172)
As at 31 December 2024	**96,528**	**94,614**	-	-	**191,142**
Amortization for the year	16,645	8,690	-	-	25,335
Disposals	(7,321)	(9,226)	-	-	(16,547)
Transfers from/(to) intangible assets	(6,033)	(456)	-	-	(6,489)
As at 31 December 2025	**99,819**	**93,622**	-	-	**193,441**
CARRYING AMOUNT					
As at 1st January 2024	36,052	28,802	7,007	94	71,955
As at 31 December 2024	**27,935**	**34,617**	**7,897**	**57**	**70,506**
As at 31 December 2025	**28,119**	**43,138**	**3,507**	**169**	**74,933**

Of the net carrying amount of licenses and other rights of KM 28,120 thousand as at 31 December 2025 (31 December 2024: KM 27,935 thousand), an amount of KM 9,038 thousand relates to the LTE telecommunications license, which also includes GSM and UMTS and is valid until June 2034.

During the reporting period, the Company performed an analysis of the components and functionality of certain assets, which resulted in a reassessment of the manner in which economic benefits from these assets are consumed. As a result of this analysis, a portion of the assets was reclassified from intangible assets to property, plant and equipment. A similar assessment is performed on an ongoing basis upon capitalization of assets, when individual components are recognized as part of a larger asset item. The change reflects new information and an enhanced understanding of the economic substance of the assets and is applied prospectively.

(All amounts are presented in thousands of KM, unless otherwise stated)

27. INVESTMENTS IN SUBSIDIARIES

	31 Dec 2025	31 Dec 2024
Investment in subsidiary MY Media d.o.o.	9,794	9,794
	9,794	9,794

BH Telecom has invested in its subsidiary MY Media d.o.o. Sarajevo. The share capital amounts to KM 9,794 thousand and represents 100% share of BH Telecom. In accordance with applicable regulations in Bosnia and Herzegovina and the Federation of Bosnia and Herzegovina, the subsidiary prepares its own statement of financial position and statement of comprehensive income, while BH Telecom prepares consolidated financial statements.

28. LOANS GIVEN

	31 Dec 2025	31 Dec 2024
Non-current		
Loans given to employees	81	212
Less: Current portion of non-current loans	*(69)*	*(147)*
Less: Impairment loss	*(1)*	*(1)*
	11	**64**
Current		
Current portion of non-current loans	69	147
Less: Impairment loss	*(3)*	*(4)*
	66	**143**
Total Loans given	**77**	**207**

Changes in the impairment of loans given can be presented as follows:

	2025	2024
Opening balance	**5**	**6**
Change in impairment during the year - Note 16	(1)	(1)
Closing balance	**4**	**5**

29. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 Dec 2025	31 Dec 2024
Eutelsat Communications, Paris, France	1,898	2,478
	1,898	2,478

In 2007, the Company purchased 552,064 shares of Eutelsat Communications, Paris, France, for KM 17,589 thousand. In 2014, the Company received 22,314 additional shares from this issuer as a result of a dividend payout amounting to KM 946 thousand, bringing the total number of shares held by the Company to 574,378, which represents 0.2% of the total shares. No dividends were received in 2025 or 2024. The shares are traded on the Paris Stock Exchange and are measured at fair value, based on which a fair value reserve has been recognized.

(All amounts are presented in thousands of KM, unless otherwise stated)

29. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

The movements in the fair value of these shares were as follows:

	2025	2024
Opening balance	**2,478**	**4,707**
(Decrease) / increase in the fair value of financial assets at fair value through other comprehensive income - Eutelsat Communications, Paris, France	(580)	(2,229)
Closing balance	**1,898**	**2,478**

29. A) BANK DEPOSITS

	31 Dec 2025	31 Dec 2024
Non-current bank deposits		
ASA Banka d.d. Sarajevo	33,000	22,000
Ziraat Bank BH d.d. Sarajevo	-	3,000
Intesa San Paolo Banka d.d. BiH	28,000	3,000
ProCredit Bank d.d. Sarajevo	8,000	-
Union Banka d.d.	13,000	16,000
Bosna Bank International d.d. Sarajevo	30,000	18,000
Sparkasse bank d.d. BiH	11,000	2,000
Privredna banka d.d.	11,000	3,000
NLB banka d.d.	5,000	-
Less: Allowance for impairment	*(334)*	*(162)*
	138,666	**66,838**
Current bank deposits		
ASA Banka d.d. Sarajevo	15,000	-
Bosna Bank International d.d. Sarajevo	6,000	-
Sparkasse bank d.d. BiH	2,000	-
ProCredit Banka d.d. Sarajevo	2,000	3,000
Addiko Bank d.d.	-	6,000
Raiffeisen Bank d.d. BiH	19,558	19,558
Privredna banka Sarajevo d.d. Sarajevo	3,000	4,000
Intesa Sanpaolo bank d.d.	3,000	1,000
Union Banka d.d.	18,900	11,900
Ziraat Bank BH d.d. Sarajevo	8,000	-
NLB banka d.d.	5,000	-
Less: Allowance for impairment	*(198)*	*(86)*
	82,260	**45,372**
Total bank deposits	**220,926**	**112,210**

(All amounts are presented in thousands of KM, unless otherwise stated)

29. A) BANK DEPOSITS (continued)

As at 31 December 2025, term deposits relate to cash funds deposited with commercial banks at an interest rate ranging from 1.30% to 3.10% per annum. The deposits mature during the period 2026-2028.

Changes in the impairment allowance of deposits is presented as follows:

	2025	2024
Opening balance	**248**	**139**
Change in impairment during the year - Note 16	284	109
Closing balance	**532**	**248**

30. B) BONDS

	31 December 2025	31 December 2024
Non-current bonds of domestic issuers	19,392	19,372
Allowance for impairment	(46)	-
Total bonds	**19,346**	**19,372**

The movement in the impairment allowance is presented below:

	2025	2024
Opening balance	**-**	**-**
Change in impairment during the year - Note 16	46	-
Closing balance	**46**	**-**

Investments in debt securities at amortized cost - bonds - breakdown by issuer:

	31 December 2025	31 December 2024
Corporate bonds issued by entities in Bosnia and Herzegovina	4,801	4,813
Bonds issued by the Government of the Federation of Bosnia and Herzegovina (FBiH)	14,545	14,559
Total bonds	**19,346**	**19,372**

The bonds are classified in Stage 1 credit risk, and there were no transfers between stages during 2025.

(All amounts are presented in thousands of KM, unless otherwise stated)

31. INVENTORIES

	31 December 2025	31 December 2024
Material	5,373	6,294
Goods at sales locations	4,455	4,987
Goods in warehouse	1,718	1,379
Advances for inventories	-	1,070
Small tools and inventory	36	31
Spare parts	438	397
Work in progress	-	1
Finished products	64	64
Car tires, uniforms and footwear	57	39
	12,141	**14,262**
Non-current assets held for sale and discontinued operations	13	-
	12,154	**14,262**

During 2025, the impairment and write-offs of obsolete inventory in the total amount of KM 1,019 thousand (2024: KM 646 thousand) has been recognized.

(All amounts are presented in thousands of KM, unless otherwise stated)

32. CONTRACT ASSETS

	31 December 2025	31 December 2024
Non-current		
Contract assets	1,692	5,179
Less: Allowance for impairment	*(15)*	*(49)*
	1,677	**5,130**
Current		
Contract assets	4,799	2,153
Less: Allowance for impairment	*(42)*	*(20)*
	4,757	**2,133**
	6,434	**7,263**

The contract assets primarily relate to the Company's rights to consideration from contracts with multiple performance obligations, for example mobile contract plus mobile devices, with subsidized products delivered in advance or discounts granted for services for a period shorter than a contract term. The contract assets are reclassified to trade receivables when rights become unconditional. This usually occurs when the Company issues an invoice to the customer.

Changes in the impairment allowance of contract assets is presented as follows

	2025	2024
Opening balance	**69**	**-**
Change in impairment during the year	(12)	69
Closing balance	**57**	**69**

(All amounts are presented in thousands of KM, unless otherwise stated)

33. TRADE RECEIVABLES

	31 December 2025	31 December 2024
Non-current		
Trade receivables for services provided in Bosnia and Herzegovina	16,580	15,660
Discount on trade receivables	(811)	(764)
Less: Allowance for impairment	*(144)*	*(150)*
	15,625	**14,746**
Current		
Trade receivables for services provided in Bosnia and Herzegovina	159,074	156,184
Trade receivables for services provided abroad	6,338	5,443
Trade receivables - related parties	15	13
	165,427	**161,640**
Less: Allowance for impairment	*(46,364)*	*(47,164)*
	119,063	**114,476**
Total trade receivables	**134,688**	**129,222**

Changes in the impairment allowance of trade receivables is presented as follows:

	2025	2024
Opening balance	**47,314**	**49,361**
Impairment (receivables) - Note 16	1,844	1,678
Impairment (instalments) - Note 16	(6)	25
Collection of written-off receivables - Note 16	47	64
Write-off	(2,691)	(3,814)
Closing balance	**46,508**	**47,314**

(All amounts are presented in thousands of KM, unless otherwise stated) 60

33. TRADE RECEIVABLES (continued)

The Company believes that there is no concentration of credit risk related to trade receivables due to a large and diverse customer base consisting of both individual and business users.

The aging structure of trade receivables is presented as follows:

	2025	2024
0 - 30 days	127,277	122,706
30 - 60 days	5,830	5,391
60 - 90 days	1,029	953
90 - 365 days	4,448	4,043
Over 365 days	43,423	44,207
Total trade receivablesg the year - Note 16	182,007	177,300
Closing balance		

34. OTHER FINANCIAL ASSETS AT AMORTIZED COST

	31 December 2025	31 December 2024
Other financial assets		
Term deposit - ASA Banka d.d.	-	300
Total other financial assets at amortized cost	-	300

35. CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Term deposits with maturity up to 3 months	131,996	200,775
Cash in bank accounts - KM	39,250	35,811
Cash in bank accounts - foreign currencies	711	989
Cash on hand	8	12
	171,965	237,587
Less: Allowance for impairment	*(413)*	(594)
	171,552	236,993

Changes in the impairment allowance of cash and cash equivalents is presented as follows:

	2025	2024
Opening balance	**594**	**638**
Change in impairment during the year - Note 16	(181)	(44)
Closing balance	413	594

(All amounts are presented in thousands of KM, unless otherwise stated)

36. PREPAID INCOME TAX AND INCOME TAX LIABILITIES

	2025	2024
Prepaid corporate income tax	923	-
Corporate income tax liabilities	-	(2,410)
	923	(2,410)
Withholding tax	(1)	(2)
	922	(2,412)

37. OTHER ASSETS AND RECEIVABLES, INCLUDING ACCRUALS

	31 December 2025	31 December 2024
Non-current		
Other assets and receivables	242	122
	242	122
Current		
Other assets and receivables		
Receivables for VAT	1,934	1,628
Receivables from employees	519	467
Receivables from the state and other institutions	212	285
Receivables for overpaid other taxes and contributions	1,056	2,024
Receivables for unpaid dividends	3,945	1,220
Receivables for funds paid for clearing international telecom transactions	5,217	10,613
Receivables for funds transferred to a notary for obligations subject	9,170	9,170
to court disputes (AV rights)	4,120	2,708
Other assets and receivables	26,173	28,115
Less: Allowance for impairment of other assets and receivables	*(1,206)*	*(2,053)*
	24,967	26,062
Total accrued revenue, prepaid expenses and other current accruals		
Accrued revenue (abroad)	2,130	2,015
Accrued revenue (domestic)	268	311
Prepaid expenses	1,928	2,068
Other current accruals	758	375
	5,084	4,769
	30,051	30,831
Total other assets and receivables, including accruals	30,293	30,953

Accrued revenue related to revenue accrued based on settlements with other telecommunications operators. Considering periodic billing, which is common practice between operators, the accrued revenue has been recognized for those receivables for which invoice has not been issued.

(All amounts are presented in thousands of KM, unless otherwise stated)

37. OTHER ASSETS AND RECEIVABLES, INCLUDING ACCRUALS (continued)

To comply with the statutory obligation to settle copyright and related rights as at 31 December 2025, for which the collecting society and applicable tariffs are determined through court proceedings, the Company, pending such determination, recognizes the related liability (Note 44) and deposits the corresponding funds with a notary. For this purpose, an amount of KM 9,170 thousand (31 December 2024: KM 9,170 thousand) has been deposited with the notary. Due to the uncertainty surrounding the outcome of court proceedings (Note 47) and potential additional negotiations with the Collecting Society, a higher amount has been deposited, based on the tariff of UFI (Collective Organization - Association of the Film Industry), rather than the tariff of UFR (Collective organization - Association of Film Workers). In the event that a lower amount is ultimately payable in settlement of the obligation to the collecting society, the excess funds will be returned to the Company.

Changes in impairment allowance of other assets and receivables, including accruals, are presented as follows:

	2025	2024
Opening balance	**2,053**	**2,026**
Movement during the year - Note 16	(10)	16
Movement during the year - Note 21	168	78
Write-off of assets	(1,005)	(67)
Closing balance	**1,206**	**2,053**

38. EQUITY

Shareholders' equity

Shareholders' equity comprises 63,457,358 ordinary shares with nominal value of KM 10 per share. The majority shareholder is the Federation of Bosnia and Herzegovina.

Ownership structure of the Company as at the reporting date was as follows:

	31 December 2025		31 December 2024	
	%	Value	%	Value
1. Federation of Bosnia and Herzegovina	90.0043	571,144	90.0043	571,144
2. Džambić Senad	0.8724	5,536	0.8724	5,536
3. Babić Una	0.5284	3,353	0.5284	3,353
4. ASA Banka d.d. Sarajevo	0.4796	3,043	0.4796	3,043
5. ZIF Crobih Fond d.d. Mostar	0.4276	2,714	0.4276	2,714
6. ZIF Prof Plus d.d. Sarajevo	0.4152	2,635	0.4128	2,620
7. ZIF Prevent invest d.d. Sarajevo	0.3766	2,390	0.3766	2,390
8. ZIF Fortuna Fond d.d.	0.1980	1,256	0.2212	1,404
9. ZIF Herbos Fond d.d. Tuzla	0.1829	1,160	0.1829	1,160
10. Šećkanović Nail	0.1438	913	0.1438	913
11. ZIF "BONUS" d.d. Sarajevo	0.1264	802	0.1264	802
12. OAIF "VIB FOUND»	0.0969	615	0.0969	615
13. UniCredit Bank d.d. Mostar	0.0747	474	0.0942	598
14. Čaušević Adnan	0.0731	464	0.0731	464
15. Čišija Adnan	0.0643	408	0.0643	408
Total of the 15 largest shareholders	**94.0642**	**596,907**	**94.1046**	**597,164**
Other legal entities and individuals	5.9358	37,667	5.8954	37,410
Closing balance	**100.00**	**634,574**	**100.00**	**634,574**

(All amounts are presented in thousands of KM, unless otherwise stated)

38. EQUITY (continued)

Statutory reserves

Legal reserves amounting to KM 306,645 thousand (2024: KM 306,645 thousand) were established in prior years from retained earnings in accordance with the Company Law of the Federation of Bosnia and Herzegovina.

Fair value reserves

Fair value reserves amounting to KM 16,636 thousand (2024: KM 16,056 thousand) relate to the balance of unrealized losses arising from changes in the fair value of shares in Eutelsat Communications, Paris, France, in 2025.

Actuarial gains and losses

Other revaluation reserves amounting to KM 5,255 thousand (2024: KM 5,042 thousand) relate to actuarial losses arising from the measurement of provisions for employee benefits. Actuarial losses recognised for the current year amounted to KM 213 thousand (2024: actuarial losses of KM 823 thousand).

Retained earnings

Retained earnings amounting to KM 145,290 thousand (2024: KM 115,448 thousand) comprise of retained earnings from prior periods of KM 75,448 thousand and profit for the current year of KM 69,842 thousand. During 2025, the shareholder adopted a decision on the distribution of retained earnings from prior periods in the amount of KM 39,000 thousand for dividend payments, as well as donations in the amount of KM 1,000 thousand. By the end of 2025, dividend payments to shareholders amounting to KM 44,548 thousand were made, while liabilities from prior periods in the amount of KM 50 thousand were written off.

39. A) LEASE LIABILITIES

	31 December 2025	**31 December 2024**
Non-current lease liabilities	64,843	62,660
Less: Current portion of lease liabilities	*(13,355)*	*(14,296)*
	51,488	**48,364**
Current portion of lease liabilities	13,355	14,296
	13,355	**14,296**
	64,843	**62,660**

(All amounts are presented in thousands of KM, unless otherwise stated)

39. A) LEASE LIABILITIES (continued)

Maturity analysis of lease liabilities

				31 December 2025
	Land	Buildings	Equipment	Total
Description				
1st year	5,923	7,382	50	13,355
2nd year	5,891	7,839	52	13,782
3rd year	5,794	8,151	54	13,999
4th year	3,261	1,862	47	5,170
Over 4 years	13,425	4,762	350	18,537
Total	**34,294**	**29,996**	**553**	**64,843**

The Group does not face significant liquidity risks in respect of its lease liabilities. Lease liabilities are settled in accordance with their contractual maturity.

39. B) OTHER FINANCIAL LIABILITIES AT AMORTIZED COST

	31 December 2025	31 December 2024
Liabilities related to the acquisition of Moja TV content	8,579	3,516
Less: Current portion of liabilities related to the acquisition of Moja TV content	*(4,797)*	*(2,489)*
	3,782	**1,027**
Current portion of liabilities related to the acquisition of Moja TV content	4,797	2,489
	4,797	**2,489**
	8,579	**3,516**

Other financial liabilities amounting to KM 8,579 thousand (31 December 2024: KM 3,516 thousand) relate to obligations arising from capitalized broadcasting rights for program and content on Moja TV under rights acquisition agreements.

40. PROVISIONS

	31 December 2025	31 December 2024
Provisions for retirement benefits	18,233	17,519
Provision for court proceedings	11,485	11,897
Provision for dismantling	7,901	6,801
Other non-current provisions	30	13
	37,649	**36,230**

(All amounts are presented in thousands of KM, unless otherwise stated)

40. PROVISIONS (continued)

The movements in provisions for retirement benefits is presented as follows:

	2025	2024
Opening balance	**17,519**	**16,462**
Provisions during the year - Note 17	1,910	1,535
Utilization during the year	(1,409)	(1,301)
Actuarial (gain)/loss	213	823
Closing balance	**18,233**	**17,519**

As at 31 December 2025, the Group made provisions for severance payments based on an actuarial calculation, using a severance payment base of KM 13.5 thousand per employee upon retirement (2024: 12 thousand per employee).

The key assumptions used for the purpose of actuarial valuation are presented as follows:

	2025	2024
Discount rate	3.00%	3.75%
Employee turnover rate	Assumption of 1.00%	Up to 1.00%
Mortality rate	Mortality tables of BiH 1980/82 for men and women	Mortality tables of the Federation of BiH from 2012-2014
The rate used for the increase of the average salary in the Company:	3,89%	3.89%

The movements in provisions for court proceedings can be presented as follows:

	2025	2024
Opening balance	**11,897**	**8,551**
Increase / (Decrease) in provisions - Note 17	(397)	3,457
Decrease due to payments	(15)	(111)
Closing balance	**11,485**	**11,897**

Additional information on court proceedings is disclosed in Note 47.
The movements in provisions for dismantling at leased locations can be presented as follows:

	2025	2024
Opening balance	**6,801**	**6,383**
Increase due to additional provisions for new contracts	652	159
Interest unwinding (Note 20)	448	259
Closing balance	**7,901**	**6,801**

(All amounts are presented in thousands of KM, unless otherwise stated) 66

41. TRADE PAYABLES

	31 December 2025	31 December 2024
Trade payables - domestic suppliers	43,518	43,747
Trade payables - foreign suppliers	9,089	10,892
	52,607	54,639

42. CONTRACT LIABILITIES

	31 December 2025	31 December 2024
Customer prepayments - prepaid services (traffic)	4,945	5,029
Customer prepayments - billing	1,213	1,102
Customer prepayments - network fee	353	400
Customer prepayments - Moja WebTV	35	32
Contract liabilities - material rights	1,117	2,152
	7,663	8,715

Customer prepayments for prepaid services (traffic), billing, network fees and Moja WebTV refer to customer payments for services not invoiced or provided. Contract liabilities - material rights mainly relate to obligations toward customers that have not yet been fulfilled, i.e., customers' rights to claim discounts on devices during the term of the contractual relationship.

43. DEFERRED INCOME

	31 December 2025	31 December 2024
Non-current		
Deferred income from donations	168	208
	168	208
Current		
Advances received		
Other advances received	44	127
	44	127
Deferred income		
Liability for joint operations	30	299
Deferred income from donations	48	75
	78	374
	122	501
	290	709

(All amounts are presented in thousands of KM, unless otherwise stated) 67

44. OTHER LIABILITIES, INCLUDING ACCRUALS

	31 December 2025	31 December 2024
Non-current other liabilities		
Other liabilities	2	2
	2	**2**
Current other liabilities, including accruals		
Accrued expenses/accruals	30,022	28,615
Employee liabilities	15,738	14,107
VAT liabilities	3,827	3,382
Liabilities for received deposits and payments	2,116	2,274
Dividend liabilities	6,626	12,224
Liabilities for profit donations	1,522	522
Other liabilities	14,520	14,108
	74,371	**75,232**
	74,373	**75,234**

Within other accrued expenses/deferrals, a total amount of KM 30,022 thousand was recognized (2024: KM 28,615 thousand). The largest portion of this amount relates to accrued, unbilled services for which invoices have not yet been received, amounting to KM 20,129 thousand (2024: KM 18,631 thousand). Of this, KM 9,968 thousand (2024: KM 9,170 thousand) relates to accrued costs for audio-visual rights (Note 47), while KM 7,153 thousand (2024: KM 6,945 thousand) relates to provisions for unused employees' annual leave.

44. LEASES

The Company as lessee

The Company leases land, buildings and parking spaces. Lease agreements were signed during the period from 2010 to 2025. Lease terms vary depending on individual contracts. The lease agreements have varying maturities, ranging from a few months to 50 years. For certain types of contracts, the Company assesses the likelihood of exercising lease extension options.

Right-of-use asset and lease liabilities

The Company presents the right-of-use assets in Note 25 and the lease liabilities in Note 39 A.

Amounts recognized in statement of comprehensive income

	31 December 2025	31 December 2024
Depreciation	14,738	12,405
Interest expenses	1,990	1,799
Cost of received services - rental costs	114	120

Amounts recognized in the statement of cash flows

	31 December 2025	31 December 2024
Lease payments	15,812	13,861

45. LEASES (continued)

The Company as lessor

Operating leases

The Company has classified leases as operating leases because it does not transfer substantially all of the risks and rewards incidental to ownership of the asset. Lease income recognized by the Company during 2025 amounts to KM 7,566 thousand (2024: KM 5,342 thousand). Part of the leased assets relates to network infrastructure, both domestically and internationally, which is a common practice in the telecommunications sector. The income based on these leases amounted to KM 1,183 thousand (2024: KM 1,257 thousand). The remaining recognized amount relates to the lease of land, equipment and office space. Given the legal regulations and business practices in the telecommunications sector, in the coming periods, until there are significant changes in the legal framework, the Company expects to continue generating lease income at approximately the same level as in 2025.

46. CONTINGENCIES AND COMMITMENTS

As at 31 December 2025, the Company had contingent liabilities for issued guarantees to third parties in the amount of KM 3,229 thousand (2024: KM 4,036 thousand). As at the reporting date, the Company had the following capital commitments:

- commitments for investments in the amount of KM 60,435 thousand (31 December 2024: KM 72,439 thousand);
- contractual commitments arising from concluded agreements for "Moja TV" services and other advertising and promotional services in the amount of KM 42,778 thousand (31 December 2024: KM 62,533 thousand);
- contractual commitments arising from the procurement of mobile devices and computer equipment in the amount of KM 150 thousand (31 December 2024: KM - thousand);
- contractual commitments under agreements for lease, maintenance and other services (Communications Regulatory Agency of Bosnia and Herzegovina) in the amount of KM 44,651 thousand (31 December 2024: KM 42,691 thousand).

47. COURT CASES

As at 31 December 2025, litigations against the Company with a total value of KM 95,969 thousand are ongoing.

Litigation with employees

The most significant ongoing litigation in the amount of KM 40,334 thousand was initiated on 5 February 2020, by the BH Telecom Trade Union against the Company, seeking compensation for damages under the Collective Agreement. The claim relates to compensation for lost profit due to the non-issuance and non-transfer of shares and unpaid dividends. Based on a court decision, the proceedings are currently suspended.

The remaining lawsuits relate to individual claims by employees regarding the issuance and transfer of shares to employees in the amount of 5% of the Company's share capital, with a nominal share value of KM 10.

47. COURT CASES (continued)

Litigation with employees (continued)

These claims also seek compensation for lost profit for the period from the adoption of the sectoral collective agreement on 4 December 2006, until the date of the court decision.

As at 10 March 2017, the Supreme Court of the FBiH issued a Decision on a disputed legal issue, stating that the protection of rights under Article 84 of the Collective Agreement for the Telecommunications Sector in FBiH - regarding the transfer of the corresponding portion of shares to employees or the payment of the monetary equivalent of shares - can be pursued by an employee of the BH Telecom d.d. Sarajevo in court proceedings only after the share issuance has been carried out, at which point the employee gains legal standing in an individual civil lawsuit. Based on the opinion of the Executive Directorate for Legal Affairs, Organizational Management and Human Resources of the Company, it is unlikely for the Company to lose this case.

A significant number of litigations have been initiated by employees against the Company for unpaid wages during a strike, as well as a number of other lawsuits arising from or related to employment. The total value of these other employee-related lawsuits (97 lawsuits) amounts to KM 1,394 thousand, for which a provision of KM 194 thousand is recognized. Provisions have been recognized for litigations where, based on the opinion of the Executive Directorate for Legal Affairs, Organizational Management and Human Resources, it is considered likely that the outcome will be unfavorable for the Company.

Other litigation

Other disputes arose during the Company's regular operations and their total value as at 31 December 2025 amounted to KM 49,277 thousand, with provisions of KM 9,445.

The above-mentioned amount does not include a dispute in the amount of KM 4,964 thousand (OKI d.o.o.), which was resolved and paid for in a prior period but is still formally recorded due to an ongoing appeal process.

Included in this amount are disputes in the amount of KM 39,215 thousand related to audio-visual rights fees:

- In previous years, several claims for compensation for cable retransmission of audiovisual works to a collective organization for past years (up to and including 2022) were filed against the Company. The value of these lawsuits amounts to KM 13,891 thousand, with provisions of KM 4,842 thousand recognized. The Company does not dispute its obligation to pay compensation for cable retransmission of audiovisual works to a collective organization, but the current dispute concerns which collective organization holds the rights to collect the fees. Therefore, from 2017 to the end of 2025, the Company, based on its own estimate, recognized the expense and liability in the amount of KM 9,968 thousand and on this basis deposited KM 9,170 thousand intended for settling obligations related to the compensation. A portion of the principal will be paid once the authorized entity for collective rights is determined (Note 37. Other Assets and Receivables, including Accruals and Note 44. Other Liabilities). Additional provision has been recognized in cases where the Executive Directorate for Legal Affairs, Organizational Management and Human Resources estimates that the expected outcome of the lawsuits will result in future cash outflows exceeding the accrued amount of liability. During 2025, court decisions were rendered on these matters, determining the entity entitled to collect the fees, and a portion of the compensation was settled in 2026 up to the date of this report, while certain cases remain ongoing

- In December 2024, a claim in the amount of KM 25,305 thousand related to the determination and infringement of copyright has been received. Based on the opinion of the Executive Directorate for Legal Affairs, Organizational Management and Human Resources, the outcome will be in favor of the Company, except for a portion of the claim for which a provision of KM 232 thousand has been recognized.

For the remaining disputes, provisions have been recognized based on the opinion of the Executive Directorate for Legal Affairs, Organizational Management and Human Resources, where it is assessed that the outcome will not be in favor of the Company.

(All amounts are presented in thousands of KM, unless otherwise stated) 70

48. RELATED PARTY TRANSACTIONS

The Company is majority-owned by the Government of the Federation of Bosnia and Herzegovina. The following table presents significant transactions with entities controlled by the Government. Other transactions with government-controlled companies are not individually significant, they arise in the ordinary course of business.

	2025	2024
Sale of products/goods and services*		
JP Hrvatske telekomunikacije d.o.o. Mostar	5,310	5,075
JP Elektroprivreda BiH d.d. - Sarajevo	2,772	1,988
Metropoly Media d.o.o. Sarajevo	1,236	2,182
JP BH POŠTA d.o.o. Sarajevo	797	687
Lutrija Bosne i Hercegovine d.o.o. Sarajevo	257	264
Union banka d.d. Sarajevo	243	155
Other related parties:	1,283	1,252
	11,898	**11,603**
Purchase of products/goods and services from related parties*		
JP BH POŠTA d.o.o. Sarajevo	14,442	14,611
JP Elektroprivreda BiH d.d. - Sarajevo	9,952	7,869
JP Hrvatske telekomunikacije d.o.o. Mostar	5,444	5,606
Metropoly Media d.o.o. Sarajevo	4,184	4,607
JP "Elektroprivreda HZ HB" d.d. Mostar	477	424
Energoinvest d.d. Sarajevo	256	451
Lutrija Bosne i Hercegovine d.o.o. Sarajevo	188	180
Other related parties:	437	465
	35,380	**34,213**

* Amounts presented include VAT

The following amounts remained outstanding at the end of the reporting period, arising from transactions with related parties:

	31 December 2025	31 December 2024
Receivables		
JP Elektroprivreda BiH d.d. - Sarajevo	1,003	382
JP Hrvatske telekomunikacije d.o.o. Mostar	479	477
JP BH POŠTA d.o.o. Sarajevo	92	98
ArcelorMittal Zenica d.o.o. Zenica	32	25
Zrak d.d. Sarajevo	22	22
Lutrija Bosne i Hercegovine d.o.o. Sarajevo	21	22
Metropoly Media d.o.o. Sarajevo	15	13
Other related parties:	225	161
	1,889	**1,200**
Liabilities		
JP BH POŠTA d.o.o. Sarajevo	1,345	1,250
JP Elektroprivreda BiH d.d. - Sarajevo	858	661
Metropoly Media d.o.o. Sarajevo	778	701
JP Hrvatske telekomunikacije d.o.o. Mostar	528	515
Energoinvest d.d. Sarajevo	60	102
Other related parties:	132	121
Current liabilities	**3,701**	**3,350**

(All amounts are presented in thousands of KM, unless otherwise stated)

48. RELATED PARTY TRANSACTIONS (continued)

The following remuneration was paid during the year to members of the Management Board and Supervisory Board (key management personnel):

	2025	2024
Gross remuneration of Management Board members	1,295	1,254
Gross remuneration of Supervisory Board members	239	229
	1,534	**1,483**

Liabilities for gross remuneration to Management Board and Supervisory Board members as at 31 December 2025 (key management personnel):

	2025	2024
Liabilities for gross remuneration to Management Board members	107	92
Liabilities for gross remuneration to Supervisory Board members	23	18
	130	**110**

49. FINANCIAL INSTRUMENTS

Accounting classification and fair value

Financial instruments are classified into the following fair value categories:

	Note	31 December 2025	31 December 2024
Financial assets			
Financial assets measured at fair value			
Fair value through other comprehensive income			
Investment in equity instruments in telecommunications companies, Eutelsat Paris		18,534	18,534
Fair value adjustment of financial assets measured at fair value through other comprehensive income		(16,636)	(16,056)
	29	**1,898**	**2,478**

(All amounts are presented in thousands of KM, unless otherwise stated)

49. FINANCIAL INSTRUMENTS (continued)

Accounting classification and fair value (continued)

	Note	31 December 2025	31 December 2024
Financial assets not measured at fair value			
At amortized cost			
Cash and cash equivalents	35	171,552	236,993
Bank deposits	30.A)	220,926	112,210
Bonds	30.B)	19,346	19,372
Other financial assets at amortized cost	34	-	300
Trade receivables	33	134,688	129,222
Loans given	28	77	207
Other assets and receivables	37	30,293	30,953
		576,882	**529,257**
Financial liabilities			
Financial liabilities not measured at fair value			
At amortized cost			
Lease liabilities	39A)	64,843	62,660
Other financial liabilities at amortized cost	39B)	8,579	3,516
Trade payables	41	52,607	54,639
Contract liabilities	42	7,663	8,715
Other liabilities	44	67,108	68,245
		200,800	**197,775**

(All amounts are presented in thousands of KM, unless otherwise stated) 73

49. FINANCIAL INSTRUMENTS (continued)

Accounting classification and fair value (continued)

Some of the Company's financial assets are measured at fair value at the end of each reporting period. The following table provides information on how the fair values of these financial assets are determined, including the valuation techniques and inputs used.

Financial Assets / Financial Liabilities	Fair value as at		Hierarchy of fair value	Valuation techniques and inputs
	31 December 2025	31 December 2024		
1) Non-derivative financial assets at fair value through other comprehensive income (Note 29)	Listed equity securities quoted on the stock exchange in France - KM 1,898 thousand	Listed equity securities quoted on the stock exchange in France - KM 2,478 thousand	Level 1	Prices quoted on an active market

Financial instruments not measured at fair value

The fair value of deposits with commercial banks is classified within Level 2 of the fair value hierarchy, as it is determined by discounting future cash flows using market-observable interest rates, adjusted for counterparty credit risk. As at 31 December 2025, the fair value of deposits with commercial banks amounts to KM 352,725 thousand.

The fair value of bonds is determined based on quoted market prices, i.e. weighted average prices achieved at auctions for identical instruments, without applying additional adjustments. Accordingly, these instruments are classified within Level 1 of the fair value hierarchy. As at 31 December 2025, the fair value of investments in bonds amounts to KM 19,524 thousand.

For certain other financial instruments, including cash and cash equivalents, short-term financial assets measured at amortised cost, trade receivables, other assets and receivables, trade payables, contract liabilities and other liabilities, the carrying amount approximates their fair value due to the immediate or short-term maturity of these financial instruments.

As at 31 December 2025, the fair value of long-term financial assets amounts to KM 1,898 thousand (31 December 2024: KM 2,478 thousand).

Financial instruments - Risk management

The Company is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk

Framework for risk management

The finance department within the Executive Directorate for Economic and Financial Affairs of the Company coordinates access to domestic and international financial markets. Financial are monitored through a formal risk management framework submitted to the quality representative within the executive directorate, who further collaborates with the Directorate for Management System Development. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and interest rate cash flow risk.

(All amounts are presented in thousands of KM, unless otherwise stated)

49. FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and, where appropriate, obtaining sufficient collateral, as a means of mitigating the risk of financial loss from defaults.

The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of many customers, spread across diverse industries and geographical areas. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

The carrying value of financial assets recorded in the financial statements, which are presented net of impairment losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The carrying amount of financial assets and contract assets represents the maximum credit risk exposure at the reporting date, as follows:

	Note	31 December 2025	31 December 2024
Cash and cash equivalents	35	171,552	236,993
Bank deposits	30.A)	220,926	112,210
Bonds	30.B)	19,346	19,372
Other financial assets at amortized cost	34	-	300
Trade receivables	33	134,688	129,222
Loans given	28	77	207
Other assets and receivables	37	30,293	30,953
Contract assets	32	6,434	7,263
		583,316	**536,520**

(All amounts are presented in thousands of KM, unless otherwise stated)

49. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Cash and cash equivalents and deposits

The Company is exposed to credit risk through cash accounts and deposits held with banks. As at 31 December 2025, the Company maintained relationships with 13 banks (2024: 13 banks). Risk management is focused on dealing with the most reputable banks in foreign and domestic ownership and maintaining regular contact with banks daily. Given that the funds are kept with banks, the Company considers them to have a low credit risk based on external credit rating agencies that deal with credit risk evaluation. The Company recognized loss allowance for cash and cash equivalents in the amount of KM 413 thousand (2024: KM 593 thousand) and loss allowance for deposits in the amount of KM 532 thousand (2024: KM 248 thousand).

Trade receivables and contract assets

The focus of management of credit risk related to trade receivables and contract assets is on trade receivables. Trade receivables are spread across a significant number of customers in various industries and geographic regions. The Company does not have significant exposure to any single customer or group of customers with similar characteristics. The maximum exposure to credit risk at the reporting date for trade receivables by region is:

	Note	31 December 2025	31 December 2024
Receivables from domestic customers		128,627	124,021
Receivables from foreign customers		6,061	5,201
	33	**134,688**	**129,222**

The Company applies a simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to the same risk characteristics as the trade receivables for the same types of contracts. Contract assets are unbilled revenue relating to performance obligation that has been satisfied under customer contract but is conditional on terms other than only the passage of time before payment of the consideration is due. When billing conditions are met, contract assets are reclassified to trade receivables with agreed payment due dates and are included in the loss allowance calculation. Based on past analysis, the historical experience did not result in amounts of value adjustments that would have material effects to the financial statements. The Company has therefore concluded that the expected loss rates for trade receivables are reasonable approximation of the loss rates for the contract assets.

(All amounts are presented in thousands of KM, unless otherwise stated)

49. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Trade receivables and contract assets (continued)

Expected loss rates are based on payment profiles of sales over a 60-month period. The historical loss rates are adjusted to reflect current and future information on macroeconomic factors affecting the ability of the customers to settle receivables.

The Company has recognized an impairment allowance for expected credit losses on all trade receivables as at 31 December 2025, as follows:

	Weighted-average loss rate	Gross carrying amount	Impairment loss allowance	Net carrying amount	Credit-impaired
0 - 30 days	1.45%	127,277	1,844	125,433	No
Overdue 31 - 60 days	3.75%	5,830	219	5,611	No
Overdue 61 - 90 days	17.17%	1,029	177	852	No
Overdue 90 - 365 days	37.23%	4,448	1,656	2,792	Yes
Over 365 days	100.00%	43,423	43,423	-	Yes
Total		**182,007**	**47,319**	**134,688**	

The presentation of credit risk for not due, unimpaired receivables and the aging structure of overdue, unimpaired receivables at 31 December 2024, is as follows:

	Weighted-average loss rate	Gross carrying amount	Impairment loss allowance	Net carrying amount	Credit-impaired
0 - 30 days	1.53%	122,706	1,880	120,826	No
Overdue 31 - 60 days	4.01%	5,391	216	5,175	No
Overdue 61 - 90 days	15.22%	953	145	808	No
Overdue 90 - 365 days	40.32%	4,043	1,630	2,413	Yes
Over 365 days	100.00%	44,207	44,207	-	Yes
Total		**177,300**	**48,078**	**129,222**	

Changes in impairment losses are disclosed in Note 33.

(All amounts are presented in thousands of KM, unless otherwise stated)

49. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Management, which has built an appropriate liquidity risk management framework according to the Company's requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table provides a detailed overview of the remaining contractual maturities of the Company's non-derivative financial assets.

Contractual maturities of non-derivative financial assets:

Description	Weighted average interest rate	Carrying amount	Contractual cash flows	Up to 1 month	2 - 6 months	7 - 12 months	1 - 5 years	Over 5 years
31 December 2025								
Non-interest bearing		204,929	204,929	124,300	32,515	32,212	15,893	-
Fixed interest rate instruments	2.60%	371,953	390,597	135,658	54,080	29,908	154,745	16,206
TOTAL		**576,882**	**595,526**	**259,958**	**86,595**	**62,129**	**170,638**	**16,206**
31 December 2024								
Non-interest bearing		197,105	197,105	126,644	23,932	30,212	16,195	122
Fixed interest rate instruments	2.28%	332,152	345,716	202,790	28,148	18,708	79,126	16,944
TOTAL		**529,257**	**542,821**	**329,434**	**52,080**	**48,920**	**95,321**	**17,066**

The following table provides a detailed overview of the remaining contractual maturities of the Company's non-derivative financial liabilities. The table is prepared based on the undiscounted cash flows of financial liabilities according to the earliest date on which the Company may be required to make a payment.

(All amounts are presented in thousands of KM, unless otherwise stated)

49. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Maturity of non-derivative financial liabilities

Description	Weighted average interest rate	Carrying amount	Contractual cash flows	Up to 1 month	2 - 6 months	7 - 12 months	1 - 5 years	Over 5 years
31 December 2025								
Lease liabilities	3.00-3.50%	64,843	71,216	1,893	6,524	6,759	40,822	15,218
Other financial liabilities	-	8,579	8,890	400	1,999	2,398	4,093	-
Trade payables	-	52,607	52,607	43,518	9,089	-	-	-
Contract liabilities	-	7,663	7,663	93	7,012	558	-	-
Other liabilities	-	67,108	67,108	36,170	29,340	813	785	-
TOTAL		200,800	207,484	82,074	53,964	10,528	45,700	15,218
31 December 2024								
Lease liabilities	3.00-3.50%	62,660	67,996	1,925	6,144	7,946	44,534	7,447
Other financial liabilities	-	3,516	3,516	207	1,037	1,244	1,028	-
Trade payables	-	54,639	54,639	43,747	10,892	-	-	-
Contract liabilities	-	8,715	8,715	4,368	2,184	1,446	717	-
Other liabilities	-	68,245	68,245	52,523	402	15,318	-	2
TOTAL		197,775	203,111	102,770	20,659	25,954	46,279	7,449

Market risk

Market risk is the risk arising from changes in market prices, such as foreign exchange rates and interest rates. The Company is not significantly exposed to market risk. The objective of managing market risk is to manage and control exposure within acceptable parameters, optimizing the return.

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). Market risk exposures are supplemented by sensitivity analysis. There has been no change to the Company's exposure to market risks or the way it manages and measures the risk.

Currency risk

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

(All amounts are presented in thousands of KM, unless otherwise stated)

49. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Currency risk (continued)

	Assets in foreign currency		Liabilities in foreign currency	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
EUR - Euro	47,676	81,151	87	9,369
SDR - Special Drawing Rights	1,832	1,356	132	78
USD - US dollar	4,750	3,418	114	316
Other currencies	354	-	43	-

The Company is exposed to currency risk in the event of changes in the exchange rates of EUR, USD and SDR. The following table presents an analysis of the effects of a 10% increase or decrease in the value of KM relative to foreign currencies. The 10% rate is used for internal reporting to Management regarding foreign currency risk and represents Management's estimate of reasonably possible changes in foreign exchange rates. The analysis is conducted for assets and liabilities denominated in foreign currencies and represents the adjustment of their values at the end of the period for a 10% change in the foreign currency exchange rate. A positive amount below indicates an increase in profit when KM strengthens by 10% against the relevant currency. For a 10% weakening of KM against the relevant currency, the effect on profit and equity would be the same but in a negative amount.

	Effects of exchange rate changes (gain or loss)	
Currency	31 December 2025	31 December 2024
USD - American dollar	464	310
SDR - Special Drawing Rights	170	128

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk since in accordance with the Law on Central Bank of Bosnia and Herzegovina the Convertible Mark (KM) is officially tied to the Euro. Change in the exchange rate would require the amendments of the law and approval by Parliamentary Assembly of Bosnia and Herzegovina.

Interest rate risk management

The Company is exposed to interest rate risk as entities in the Company places funds at fixed interest rates. The Company's exposures to interest rates on financial assets and financial liabilities are detailed earlier in Note 49.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined on the exposures to interest rates for financial instruments at the reporting period date. The analysis is prepared assuming that the number of financial instruments outstanding at the reporting period date was outstanding for the whole year. A 50-basis point increase or decrease (0.5%) is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

49. FINANCIAL INSTRUMENTS (continued)

Market risk

If interest rates had been 50 basis points (0.5%) higher/lower and all other variables were held constant, the Company's net result for the year ended 31 December 2025, would have increased/decreased by KM 1,809 thousand (2024: increase/decrease by KM 1,611 thousand).

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, regardless of whether those changes arise from factors specific to the individual instrument or its issuer, or from factors affecting all instruments traded in the market. The maximum exposure to price risk is disclosed in Note 29.

If share prices had been 50 basis points (0.5%) higher/lower and all other variables were held constant, the Company's net result for the year ended 31 December 2025, would have increased/decreased by KM 9 thousand (2024: increased/decreased by KM 12 thousand).

Capital risk management

Capital risk management is aimed at ensuring that the Company continues as a going concern while maximizing return to shareholders through the optimization of debt-to-equity balance.

The equity structure of the Company consists of share capital, reserves, revaluation reserves and retained earnings.

The Company manages its capital to ensure an appropriate capital structure, in accordance with the economic conditions on the market, decides if the retained earnings should be distributed to shareholders, whether to increase or decrease capital, etc.

50. AUDITING EXPENSES

In accordance with contract for the audit of the annual separate and consolidated financial statements, the Company contracted with KPMG B-H d.o.o. the amount of KM 105,000 without VAT (2024: KPMG B-H d.o.o., KM 105,000 excluding VAT).

The total amount spent on audit and other assurance services in 2025 amounted to KM 105,000 without VAT (2024: KPMG B-H d.o.o., KM 105,000 excluding VAT).

(All amounts are presented in thousands of KM, unless otherwise stated)

51. EVENTS AFTER THE BALANCE SHEET DATE

During 2024 and 2025, the Company undertook activities aimed at the acquisition of a controlling interest in Telemach d.o.o. Sarajevo, Bosnia and Herzegovina, and Telemach Crna Gora d.o.o., Podgorica, Montenegro. In October 2025, the Competition Council of Bosnia and Herzegovina issued a decision conditionally approving the concentration, subject to prescribed measures and obligations to be implemented by the Group within specified deadlines.

The competent regulator in Montenegro granted unconditional approval for the execution of the transaction. As at the date of the issuance of these financial statements, the transaction is in its final stage, with the last steps necessary for its completion underway; however, the process has not yet been formally finalized.

52. APPROVAL OF FINANCIAL STATEMENTS

These separate financial statements were approved by the Company's Management Board on 11 May 2026.

Ismet Ramović
Certified accountant

3050/5
License number

062/349-010, ismet.ramovic@bhtelecom.ba
Contact

EXECUTIVE MANAGER FOR ECONOMIC AND FINANCIAL AFFAIRS	GENERAL MANAGER
Anisa Lojo-Bajrić	Amel Kovačević